

*Official Statement*

*Paso Robles Union School District  
Educational Facilities Corporation  
San Luis Obispo County, California*

*\$3,925,000 Bonds, Series of 1979*

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*[Stone & Youngberg, municipal financing consultants]*


*Paso Robles -- Economic conditions*

*San Luis Obispo County -- Economic conditions*

*School bonds -- California -- Paso Robles*

Bids to be received by the Corporation on Tuesday, February 27, 1979 at 10:00 A.M. at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California.





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**OFFICIAL STATEMENT**  
**\$3,925,000 BONDS, SERIES OF 1979**  
**PASO ROBLES UNION SCHOOL DISTRICT**  
**EDUCATIONAL FACILITIES CORPORATION**

Alfred G. Heer, *President*  
Virginia A. Peterson, *Vice President*  
John F. Bell III, *Treasurer*  
Robert J. Masten, *Secretary*                      Kenneth L. Lauridsen, *Director*  
Thomas A. Jerdon, *Director*                      Edmond L. Sauret, *Director*

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**PASO ROBLES UNION SCHOOL DISTRICT**  
**BOARD OF TRUSTEES**

Thomas M. Young, *President*  
Dr. Jack L. Cash, *Clerk*                      Dee Lacey  
Dr. John O. Davis                      Carol M. Morrison

**ADMINISTRATIVE STAFF**

Dr. Bill J. James, *Superintendent*  
Robert W. Bickmore, *Assistant Superintendent*  
Frank B. Heinen, *Business Manager*

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**PROFESSIONAL SERVICES**

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco, California*  
*Bond Counsel*  
Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco, California*  
*Financing Consultants*  
Arendt/Mosher/Grant/Pedersen/Phillips, *Santa Barbara, California*  
*Architects*  
United California Bank, *San Francisco, California*  
*Trustee*  
Manufacturers Hanover Trust Company, *New York, New York*  
*Paying Agent*  
The Northern Trust Company, *Chicago, Illinois*  
*Paying Agent*

**THE DATE OF THIS OFFICIAL STATEMENT IS JANUARY 23, 1979**



79 00594

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, \$3,925,000 principal amount of Series of 1979 Bonds, proposed to be issued by the Paso Robles Union School District Educational Facilities Corporation.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Corporation and the Paso Robles Union School District (which firm will receive compensation from the Corporation contingent upon the sale and delivery of the Bonds).

This Official Statement is not to be construed as a contract with the purchasers of the Series of 1979 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The agreements of the Corporation with the purchasers of the Series of 1979 Bonds are set forth in the Indenture, a copy of which will be available to any prospective investor in the Series of 1979 Bonds. Reference is hereby made to the Indenture for a complete statement of the rights and obligations of the Corporation and holders of the Series of 1979 Bonds.

No dealer, broker, salesman or other person has been authorized by the Corporation to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Series of 1979 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The members of the governing board of the Paso Robles Union School District have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Paso Robles Union School District will deliver to the purchaser of the Series of 1979 Bonds a certificate as to the above, dated the date of bond delivery, and further certifying that the signatories know of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Series of 1979 Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchaser of the Series of 1979 Bonds to distribute copies of the Official Statement in connection with the resale of the Series of 1979 Bonds. 200 copies of the Official Statement will be supplied to the purchaser of the Series of 1979 Bonds for this purpose.

The opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel to the Corporation, will be furnished to the successful bidder (see the section entitled "Legal Opinion" herein). The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the sections entitled "Paso Robles Union School District Educational Facilities Corporation" and "The Bonds."

Dated January 23, 1979

PASO ROBLES UNION SCHOOL DISTRICT  
EDUCATIONAL FACILITIES CORPORATION

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# Summary of Essential Facts and Estimates

## Paso Robles Union School District Educational Facilities Corporation

### \$3,925,000 Series of 1979 Bonds

**Issuer and Authority for Issuance:** Paso Robles Union School District Educational Facilities Corporation pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code), and an Indenture between the Corporation and United California Bank, San Francisco, California, as Trustee.

**Purpose of Issue:** Finance the construction of Project Phase I, consisting of multipurpose room additions to two elementary schools and junior high school facilities, for lease to the Paso Robles Union School District.

**Issue of Bonds:** \$3,925,000 principal amount of the Corporation's Series of 1979 Bonds, dated March 1, 1979 and maturing on September 1 as follows:

| Maturity Date<br>Sept. 1 | Principal Amount | Maturity Date<br>Sept. 1 | Principal Amount |
|--------------------------|------------------|--------------------------|------------------|
| 1981 ...                 | \$ 70,000        | 1992 ...                 | \$165,000        |
| 1982 ...                 | 75,000           | 1993 ...                 | 180,000          |
| 1983 ...                 | 80,000           | 1994 ...                 | 190,000          |
| 1984 ...                 | 90,000           | 1995 ...                 | 210,000          |
| 1985 ...                 | 95,000           | 1996 ...                 | 225,000          |
| 1986 ...                 | 105,000          | 1997 ...                 | 245,000          |
| 1987 ...                 | 110,000          | 1998 ...                 | 260,000          |
| 1988 ...                 | 120,000          | 1999 ...                 | 280,000          |
| 1989 ...                 | 130,000          | 2000 ...                 | 310,000          |
| 1990 ...                 | 140,000          | 2001 ...                 | 330,000          |
| 1991 ...                 | 150,000          | 2002 ...                 | 365,000          |

**Interest:** Maximum rate not to exceed 8 percent per annum, payable for the first 6 months on September 1, 1979 and semiannually thereafter on each succeeding March 1 and September 1 of each year.

**Time and Place of Sale:** Tuesday, February 27, 1979 at 10:00 A.M. at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California.

**Payment and Registration:** Interest and principal payable at the principal office of United California Bank, San Francisco, California (the Trustee), or in the case of coupon bonds at the principal office

of Manufacturers Hanover Trust Company in New York, New York, or at the office of The Northern Trust Company in Chicago, Illinois.

**Call Provisions:** All bonds callable from proceeds of insurance or eminent domain on any date without premium. Bonds maturing on or before September 1, 1995 not otherwise callable. Bonds maturing on and after September 1, 1996 also callable on any interest payment date on or after September 1, 1989 at a maximum premium of 3.25 percent and at lesser premiums in subsequent years as specified in the Indenture.

**Tax Exemption:** In the opinion of Bond Counsel, interest on the Series of 1979 Bonds is exempt from all present federal and State of California personal income taxes.

**Eligibility for Deposits of Public Monies and for National Banks:** The Series of 1979 Bonds are eligible to secure deposits of public funds in California under Section 53651.5 of the California Government Code. It is believed the U.S. Comptroller of Currency will issue a ruling that the Series of 1979 Bonds are eligible for purchasing, dealing in, underwriting, and unlimited holding by national banks.

**Blue Sky Memorandum:** Information memorandum regarding applicability of blue-sky laws in all states, the District of Columbia, and Puerto Rico will be furnished to prospective purchasers.

**Legal Opinion:** Orrick, Herrington, Rowley & Sutcliffe, San Francisco.

**Security:** Payment of Bond interest and principal secured by a first and exclusive charge upon District base rental payments. Rental payments are general fund obligations and District covenants to budget and appropriate necessary funds each year.

District voters have approved a \$0.71 per \$100 assessed valuation maximum annual tax rate increase over the period 1977/78 through 2001/02 for Project Phase I purposes. Proceeds of the voter approved maximum tax rate increase may be used only to meet District rental obligations and related costs for Project Phase I facilities.

Principal source of District funds to pay rental is expected to be the voter approved tax for Project Phase I purposes. See the section of this Official



Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 8 relative to the possible impact of Article XIII A (Proposition 13) to the California Constitution on the District's continuing ability to levy the voter approved tax for Project Phase I purposes.

Based on District's 1978/79 assessed valuation, the voter approved tax rate of \$0.71 per \$100 assessed valuation for Project Phase I purposes provides 1.15 coverage of estimated maximum annual rental payable by District to the Corporation. Should District's assessed valuation increase by 1980/81 when initial installment of rental is payable, the coverage ratio will be increased.

**Other Protective Provisions of the Series of 1979**

**Bonds:** (1) Reserve equal to one-half maximum annual debt service created from bond proceeds; (2) interest funded from bond proceeds through September 1, 1980, or five months beyond the estimated completion of construction and date of occupancy; (3) firm construction bids have been received with 100% faithful performance and 100% labor and materialmen's bonds; (4) insurance protection includes fire and extended coverage for not less than full replacement cost of the facilities or sufficient to pay Bonds, subject to a deductible clause not to exceed \$50,000 for any one loss; earthquake insur-

ance after completion, if such insurance is available at reasonable cost on the open market from reputable insurance companies, for not less than full replacement cost of the facilities or sufficient to pay Bonds, subject to a deductible clause not to exceed 10 percent of replacement cost for any one loss (the Contractors will provide this insurance with a 3% deductible during construction); rental interruption insurance equal to time required to construct structures plus three months, less a 30-day deductible; public liability and property damage insurance; and a policy of title insurance in the amount of the Bonds insuring the Corporation's interests in the sites upon which facilities are to be located.

**The District:** Encompasses approximately 250 square miles and is approximately midway between San Francisco and Los Angeles on U.S. 101. Population is estimated at 14,500, two-thirds of which live in the City of Paso Robles.

District's economy based on agriculture, tourism, and gradually developing light manufacturing sectors.

**District Financial Data:** Five year history shows: (1) gradual increase in average daily attendance from 1,366 in 1973/74 to 1,491 in 1977/78, (2) growth in assessed valuation from \$30,363,550 in 1974/75 to \$65,712,910 in 1978/79, and (3) current tax delinquency rates average of 3.71 percent.

**ALL OF THE TERMS OF THIS SUMMARY OF ESSENTIAL FACTS AND ESTIMATES ARE SUBJECT TO THIS OFFICIAL STATEMENT AND THE OFFICIAL NOTICE OF SALE OF THE BONDS.**

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The Paso Robles Union School District is in northern San Luis Obispo County, located approximately 220 miles north of Los Angeles.



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# PASO ROBLES UNION SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION

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## Organization and Membership

The Paso Robles Union School District Educational Facilities Corporation, herein referred to as the "Corporation", was formed on October 7, 1977, as a nonprofit corporation pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1, of the California Corporation Code). The purpose of the Corporation is to provide financial assistance to the Paso Robles Union School District, San Luis Obispo County, California, herein referred to as the "District", by financing the acquisition, construction, improvement and remodeling of public school buildings and facilities for the District.

The Corporation functions as an independent entity and its policies are determined by a Board of Directors who are residents of the District and active in civic affairs. The members of the Board of Directors, who serve without compensation, are:

*Alfred G. Heer, President.* Mr. Heer, a resident of the District for 60 years, is a realtor. He has served as a Trustee of the Pleasant Valley Joint Union School District and Chairman of the Agriculture Committee of the Chamber of Commerce.

*Virginia A. Peterson, Vice President.* Mrs. Peterson has lived in the District for 37 years. She holds a Masters degree in Education from San Jose State University and has served as an elementary school principal. She is a Past President of the American Association of University Women, the Paso Robles Womens' Club, Friends of the Adobe and Quota Club.

*John F. Bell III, Treasurer.* Mr. Bell has resided in the District for 8 years. He holds an Associate of Arts degree from Mt. San Antonio College, Los Angeles State University and is Electronic Sales Manager for CTS Keene Inc. Mr. Bell is active in the local Chamber of Commerce and Rotary International.

*Robert J. Masten, Secretary.* Mr. Masten, President and General Manager of CTS Keene, Inc., has resided in the District for over 8 years. He holds a Bachelor of Science degree in Electrical Engineering from Purdue University. He has served as Chairman of the High School Advisory Committee and Treasurer of Citizens for Better Schools and School Tax Election Committee. Mr. Masten's other community activities include the Chamber of Commerce and Rotary International.

*Thomas A. Jerdon, Director.* Mr. Jerdon has been a resident of the District for over four years. He holds a Bachelor of Arts degree in History and Geography and is a youth counselor for the California Youth Authority. He is active in Cub Scout and Boy Scout organizations and has served as a member of the Master Plan Study Committee for Paso Robles Public Schools.

*Kenneth L. Lauridsen, Director.* Mr. Lauridsen, a rancher, has resided in the District for 45 years. He is an active member of the San Luis Obispo Farm Bureau and has served on the county's Farmers Home Administration Committee for three years.

*Edmond L. Sauret, Director.* Mr. Sauret has resided in the District for more than 60 years. He is a distributor of Exxon Inc. petroleum products. He served on the Board of Trustees of the District and the Paso Robles Joint Union High School District for 8 years. He has served as Chairman of the Board of the Paso Robles Recreation Department and Chairman of the Boy Scout organization.

## Certain Powers of the Corporation

The powers of the Corporation are vested in, and exercised by, a majority of its directors. Under its Articles of Incorporation, the Corporation has all powers conferred upon nonprofit corporations by the laws of the State of California including the following:

- (a) To borrow money and issue bonds, debentures, notes and other evidences of indebtedness, and to secure the payment or performance of its obligations by pledge, mortgage, transfer in trust or otherwise;



(b) To acquire, by purchase, exchange, lease, gift, devise, bequest or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, exchange, convey or otherwise dispose of real and personal property; and

(c) To assume any obligations, enter into any contracts and other instruments and do any and all things incidental to or expedient for the attainment of its corporate purposes or the issuance and sale of its securities.

## **Financing Procedures and Basic Legal Documents**

**Lease Authorization Tax.** On May 31, 1977 voters of the Paso Robles Union School District, by a majority vote approved an increase of \$0.71 per \$100 assessed valuation in the District's maximum tax rate over the period 1977/78 through 2001/02 for the purpose of preparing plans and specifications, and leasing buildings to be constructed and remodeled for use by the District consisting of the following furnished, equipped, and landscaped facilities:

(1) A new junior high school to be constructed and remodeled on a site including the main building of the existing Paso Robles High School to be purchased by the District;

(2) A multipurpose room addition to the Georgia Brown Elementary School; and,

(3) A multipurpose room addition to the Winifred Pifer Elementary School.

**Project Implementation.** The \$3,925,000 principal amount of the Corporation's Series of 1979 Bonds will be issued pursuant to an Indenture, dated as of March 1, 1979, between the Corporation and United California Bank, San Francisco, California, as Trustee. The Indenture, approved as to preliminary form by the Corporation on January 23, 1979, will be executed prior to the delivery of the Series of 1979 Bonds. A summary of certain provisions of the Indenture is presented in the section of this Official Statement entitled "The Bonds".

Proceeds from the sale of the Corporation's \$3,925,000 principal amount of Series of 1979 Bonds will be used to construct Project Phase I, the facilities enumerated in the voter-approved Lease Authorization Tax Ballot Proposition. Details of Project Phase I costs, scheduling of construction, sources of funds, and the application of proceeds from the sale of the Series of 1979 Bonds are presented in the section of this Official Statement entitled "The Project".

The facilities which constitute Project Phase I will be constructed on District-owned sites that are to be leased to the Corporation pursuant to provisions of a site lease, the principal provisions of which are summarized in the section of this Official Statement entitled "Site Lease (Project Phase I)".

The Corporation will lease back to the District the Project Phase I sites and facilities to be constructed thereon by the Corporation pursuant to provisions of a facility lease, the principal provisions of which are summarized under the section of this Official Statement entitled "Facility Lease (Project Phase I)".

For complete details of provisions of the Indenture, the Site Lease (Project Phase I), and the Facility Lease (Project Phase I), prospective purchasers of the Series of 1979 Bonds are referred to the text of the Basic Legal Documents accompanying the distribution of this Official Statement.

## **Site Lease (Project Phase I)**

The Site Lease (Project Phase I), herein referred to as the "Site Lease", has been approved as to preliminary form by the Corporation. The Site Lease will be dated March 1, 1979 and will be executed prior to the delivery of the Series of 1979 Bonds.

Pursuant to the Site Lease, the District will lease to the Corporation, at an annual rate of \$1.00, the real properties (Demised Premises) upon which the Project Phase I facilities are to be constructed. The Corporation shall use the Demised Premises solely for the purpose of: (1) constructing Project Phase I facilities thereon, and (2) leasing back to the District the Demised Premises and the facilities thereon pursuant to the Facility Lease (Project Phase I).

**Term.** The term of the Site Lease shall start on the date of its recordation in the office of the County Recorder of San Luis Obispo County, State of California, or on August 1, 1979, whichever is earlier. The term of the Site Lease shall end on February 1, 2003, unless such term is extended or earlier terminated. If prior to February 1, 2003, all of the Series of 1979 Bonds shall have been retired, the Site Lease shall be terminated ten days thereafter (the final maturity of the Series of 1979 Bonds is September 1, 2002). If on January 31, 2003, all of the Series of 1979 Bonds shall not have been retired, the term of the Site Lease shall be extended until ten days after all of the Series of 1979 Bonds are retired, except that the term of the Site Lease shall in no event extend beyond February 1, 2008.



**Title to Sites: Mortgage of Leasehold.** The District will own the Project Phase I sites. Under provisions of the Site Lease, the Corporation is granted the right to mortgage or otherwise encumber by indenture, or deed of trust, or otherwise, the Site Lease, any rights thereunder, and the leasehold created thereunder to secure any indebtedness of the Corporation incurred to finance construction of Project Phase I.

**Quiet Enjoyment.** The Corporation at all times during the term of the Site Lease shall peaceably and quietly have, hold, and enjoy all of the Demised Premises except in the event of default.

**Default.** In the event the Corporation shall be in default in the performance of any of its obligations under the Site Lease, and the default continued for thirty (30) days following notice and demand for correction thereof to the Corporation, the District may exercise its legal remedies; provided that the District shall have no power to terminate the lease by reason of any default on the part of the Corporation if termination would affect or impair any assignment or sublease of all or any part of the Demised Premises between the Corporation and any assignee or subtenant of the Corporation (other than the District under the Facility Lease). So long as any such assignee or subtenant of the Corporation duly performs the terms and conditions of the lease and of its sublease (if any), such assignee or subtenant shall be deemed to be the tenant of the District and shall be entitled to all of the rights and privileges granted under any such assignment, provided that so long as any indebtedness of the Corporation secured by an indenture is outstanding and unpaid the rentals or any part thereof payable to the Trustee under such indenture shall continue to be paid to the Trustee.

**Eminent Domain Proceedings.** In the event all or any part of the Demised Premises or the Project Phase I improvements thereon are taken by eminent domain proceedings, the interests of the Corporation shall be recognized in the amount of the then unpaid indebtedness incurred by the Corporation to finance the construction of Project Phase I, including interest thereon and all other payments required to be made by, or to, the Trustee under the Indenture securing the Series of 1979 Bonds.

**Termination and Disposition of Project.** Upon the termination of the Site Lease, the Corporation

agrees to surrender to the District the Demised Premises and title to the permanent structures and improvements existing thereon.

The foregoing summary discussion of selected features of the proposed form of Site Lease are made subject to all of the provisions of the proposed form of Site Lease (Project Phase I). This summary discussion does not purport to be a complete statement of provisions of the Site Lease (Project Phase I). For full details of the Site Lease, prospective purchasers of the Series of 1979 Bonds are referred to the complete text of the proposed form of Site Lease (Project Phase I) included in the Basic Legal Documents accompanying the distribution of this Official Statement

### **Facility Lease (Project Phase I)**

The Facility Lease (Project Phase I), herein referred to as the "Facility Lease," has been approved as to preliminary form by the Corporation. The Facility Lease will be dated March 1, 1979 and will be executed prior to the delivery of the Series of 1979 Bonds. The Corporation will lease to the District the Demised Premises and the Project Phase I facilities to be constructed thereon pursuant to the provisions of the Facility Lease, selected provisions of which are described below.

**Term.** The term of the Facility Lease shall start on the date of its recordation in the office of the County Recorder of San Luis Obispo County, State of California, or on August 1, 1979, whichever is earlier. The term of the Facility Lease shall end on January 31, 2003 unless extended or earlier terminated. If prior to January 31, 2003 all of the Series of 1979 Bonds shall have been retired, the Facility Lease shall terminate ten days thereafter (the final maturity of the Series of 1979 Bonds is September 1, 2002). If on January 31, 2003 all of the Series of 1979 Bonds shall not have been retired, the term shall be extended until ten days after all Series of 1979 Bonds shall be fully paid, except that the term of the Facility Lease shall in no event be extended beyond February 1, 2008.

**Construction of Facilities.** The District has obtained competitive bids for the construction of Project Phase I facilities. Concurrent with the execution, delivery and recordation of the Facility Lease, the Corporation will enter into contracts with the lowest responsible bidders for construction of Proj-



ect Phase I facilities in accordance with plans and specifications previously approved by the District and the Office of the State Architect.

**Commencement of Rent.** It is contemplated that the District will take possession of the Demised Premises and the Project Phase I facilities on or before February 1, 1981 and the first semiannual payment of rent shall be due on February 15, 1981. The District may take possession of the Demised Premises and the Project Phase I facilities or any part thereof prior to February 1, 1981 if substantially completed prior to that date. If for any reason the Corporation is not able to deliver possession of the Demised Premises and the Project Phase I facilities, or any part thereof, to the District by February 1, 1981, the Facility Lease shall not be void nor the Corporation be liable to the District for any resulting loss or damage; but the rent payable by the District shall be abated with respect to the period between February 1, 1981 and the time when the Corporation delivers the facilities for possession, based on the proportion the acquisition and construction cost of the incompleted portion or portions of the Project Phase I facilities bears to the total acquisition and construction cost of the Project Phase I facilities.

**Base Rent.** For the use and occupancy of the Demised Premises and the Project Phase I facilities, the District agrees to pay the Corporation a base rent, semiannually beginning on February 15, 1981 and each succeeding August 15 and February 15 up to and including August 15, 2002 unless the Facility Lease has been earlier terminated or extended, in which case payment of base rent will continue to the termination date of the Facility Lease. The base rent shall be in a specified amount sufficient to meet payments of interest and principal on the Corporation's Series of 1979 Bonds as they become due. The actual base rent obligation of the District will be determined upon the sale of the Series of 1979 Bonds.

**Additional Rent.** The District is also required to pay to the Corporation additional rent, in an amount not to exceed \$5,000 annually, to meet administrative costs of the Corporation attributable to Project Phase I and the Corporation's Series of 1979 Bonds.

**District Provision of Rent.** The District covenants to include all base rent and additional rent payments in its annual budget and to make the necessary annual appropriations for all such pay-

ments. The covenant on the part of the District hereunder shall be deemed to be and shall be construed to be duties imposed by law. The Corporation and the Trustee will be furnished copies of each proposed and final budget of the District within ten days after the filing or adoption thereof.

**Abatement of Rent.** Rent shall be abated proportionately during any period in which there is substantial interference with the District's use and occupancy of the Demised Premises and the Project Phase I facilities due to damage or destruction. The abatement of District rent, until the substantial completion of repair or reconstruction work, shall be based on the proportion of initial costs of the unusable portion or portions of the Project Phase I facilities, to the total initial cost of Project Phase I facilities. In the event of any such damage or destruction, the Facility Lease shall continue in full force and effect and the District waives any right to terminate the Facility Lease by virtue of any such damage or destruction.

**Insurance.** Except if such insurance is otherwise obtained by the Corporation or a construction contractor, the District is required to obtain and maintain throughout the term of the Facility Lease various insurance coverages including fire and extended coverage, earthquake (after completion of construction and if available at reasonable cost on the open market from reputable insurance companies), public liability and property damage, and rental interruption or use and occupancy insurance. The major features of these types and amounts of insurance coverages are discussed in this Official Statement in "The Bonds" section under the heading "The Indenture". Various insurance coverages are to be provided by the construction contractors during construction and are discussed in this Official Statement under the section entitled "The Project".

**Maintenance, Utilities, Taxes and Assessments.** The District shall be responsible for the maintenance and repair of the Demised Premises and Project Phase I while in possession, and shall pay or arrange for the payment of such costs, as well as utilities, and taxes and assessments throughout the term of the Facility Lease.

**Eminent Domain Proceedings.** In the event the Project Phase I facilities are permanently taken under the power of eminent domain, the Facility Lease shall terminate. In the event less than all of the Project Phase I facilities are taken under the power of eminent domain or if the Project Phase I



facilities are temporarily taken under such power, the Facility Lease shall continue in full force and there shall be a partial abatement of rent to be agreed upon by the District and the Corporation; however, in no event shall the rent payable by the District be less than the amount required for the retirement of the Series of 1979 Bonds and payment of interest thereon as such bonds and interest become due.

**Option to Purchase.** The District shall have the option to purchase the Corporation's interest in any part of the Project Phase I facilities upon payment of an option price equal to the aggregate amount for the entire remaining term of the lease of the part of the total rent attributable to such part of the Project Phase I facilities (determined by reference to the proportion which the acquisition and construction cost of such part of the Project Phase I facilities bears to the acquisition and construction cost of all of the Project Phase I facilities).

**Default By District.** Should the District default and fail to remedy any default, the Corporation has

the right to terminate the Facility Lease and re-enter the premises, or without terminating the Facility Lease, re-enter and relet Project Phase I facilities as the agent of and for the account of the District, but there shall be no acceleration of rent upon any default.

**Termination and Disposition of Project.** Upon termination of the Facility Lease, the Corporation agrees to surrender to the District the Demised Premises and title to permanent improvements thereon.

The foregoing summary discussion of selected features of the proposed form of Facility Lease is made subject to all of the provisions of the proposed form of Facility Lease (Project Phase I). This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Series of 1979 Bonds are referred to the complete text of the proposed form of Facility Lease (Project Phase I) which is included as part of the Basic Legal Documents accompanying the distribution of this Official Statement.



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# THE BONDS

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## Authority for Issuance

The \$3,925,000 principal amount of Paso Robles Union School District Educational Facilities Corporation Series of 1979 Bonds, herein referred to as the "Series of 1979 Bonds," are to be issued pursuant to the General Non-Profit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code) and a certain indenture dated March 1, 1979, herein referred to as "the Indenture," to be entered into between the Corporation and United California Bank, San Francisco, California, as Trustee. The Series of 1979 Bonds will be secured under provisions of the Indenture, a copy of the proposed form of which is included in the Basic Legal Documents which accompany the distribution of this Official Statement.

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**Table 1**

**PASO ROBLES UNION SCHOOL DISTRICT  
EDUCATIONAL FACILITIES CORPORATION  
Series of 1979 Bonds  
Principal Maturities**

| Maturity<br>Date<br>Sept. 1 | Principal<br>Amount | Maturity<br>Date<br>Sept. 1 | Principal<br>Amount |
|-----------------------------|---------------------|-----------------------------|---------------------|
| 1981 ...                    | \$ 70,000           | 1992 ...                    | \$165,000           |
| 1982 ...                    | 75,000              | 1993 ...                    | 180,000             |
| 1983 ...                    | 80,000              | 1994 ...                    | 190,000             |
| 1984 ...                    | 90,000              | 1995 ...                    | 210,000             |
| 1985 ...                    | 95,000              | 1996 ...                    | 225,000             |
| 1986 ...                    | 105,000             | 1997 ...                    | 245,000             |
| 1987 ...                    | 110,000             | 1998 ...                    | 260,000             |
| 1988 ...                    | 120,000             | 1999 ...                    | 280,000             |
| 1989 ...                    | 130,000             | 2000 ...                    | 310,000             |
| 1990 ...                    | 140,000             | 2001 ...                    | 330,000             |
| 1991 ...                    | 150,000             | 2002 ...                    | 365,000             |

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## Terms of Sale

Bids for the purchase of the \$3,925,000 principal amount of the Series of 1979 Bonds will be received by the Corporation at 10:00 A.M., Tuesday, February 27, 1979, at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California. Details of the terms of sale are included in the Official Notice of Sale adopted by the Board of Directors of the Corporation on January 23, 1979.

## Description of the Bonds

The Series of 1979 Bonds will be dated March 1, 1979 and will bear interest from their date, payable for the first six months on September 1, 1979 and semiannually thereafter on each March 1 and September 1. The Series of 1979 Bonds will mature on September 1 in each of the years in the designated principal amounts as shown in Table 1.

## Redemption Provisions

The Corporation shall have the right, on any date, to redeem the Series of 1979 Bonds, as a whole, or in part by lot within each maturity then outstanding so that the annual debt service for all years after such redemption shall be as nearly equal as practical, from proceeds of insurance paid for loss or substantial damage to the Project Phase I facilities or proceeds of eminent domain proceedings. Redemption shall be at the principal amount and accrued interest thereon to the date fixed for redemption, without premium.

Series of 1979 Bonds maturing on or before September 1, 1995, an aggregate principal amount of \$1,910,000, shall not otherwise be subject to redemption prior to their respective maturity dates.

Series of 1979 Bonds due on or after September 1, 1996, an aggregate principal amount of \$2,015,000, shall also be subject to redemption prior to their respective stated maturities, at the option of the Corporation, from any source of available funds, on any interest payment date on or after September 1, 1989.

Such Series of 1979 Bonds are callable at the principal amount, plus accrued interest plus a premium equal to: (a) one-fourth of one percent of said principal amount, plus (b) an additional one-fourth of one percent of said principal amount for each year or fraction of a year from the redemption date to the maturity date of the bonds. All or a part



of such Series of 1979 Bonds may be so redeemed at any one time. If less than all of said bonds are so redeemed at any one time, such bonds shall be redeemed in inverse order of maturities and by lot within a maturity.

### **Trustee and Paying Agents**

The United California Bank, San Francisco, California, has been appointed by the Corporation as Trustee. The Trustee will receive all of the bond proceeds and will disburse bond moneys in conformity with the Indenture. In addition to holding and administering the various funds of the Corporation, the Trustee will invest the funds held in trust and will be the recipient of the rental revenues of the Corporation relating to the Project Phase I. The Trustee will also act as Paying Agent of the Corporation, paying bond interest and principal. The Trustee will act as bond registrar and will authenticate all bonds.

Interest and principal are payable in lawful money of the United States of America at the principal office of the United California Bank in San Francisco, California, and in the case of coupon bonds, at the option of the holder at the principal office of Manufacturers Hanover Trust Company, in New York, New York, or at the office of The Northern Trust Company in Chicago, Illinois.

### **Form, Denomination, and Registration**

The Series of 1979 Bonds will be issued as coupon bonds in the denomination of \$5,000, or as fully registered bonds in the denomination of \$5,000 or any multiple thereof so long as principal shall mature in only one year. Coupon bonds and fully registered bonds will be interchangeable at the office of the Trustee as provided for in the Indenture.

### **CUSIP Numbers**

It is anticipated that CUSIP numbers will be printed on the Series of 1979 Bonds but neither failure to print such numbers on any Series of 1979 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series of 1979 Bonds in accordance with the terms of the purchase contract.

### **Litigation**

There is no litigation pending concerning the validity of the Series of 1979 Bonds, and the Cor-

poration will furnish to the successful bidder a no-litigation certificate certifying to the foregoing at the time of the delivery of the Series of 1979 Bonds.

The California system of levying property taxes and applying funds for public school purposes in effect at the time of the court ruling has been held unconstitutional under provisions of the California Constitution by a California Superior Court in the case entitled *Serrano v. Priest*.

The California Supreme Court in a decision dated December 30, 1976, affirmed the judgment of the Superior Court in that case. The Supreme Court decision requires that a new system for financing California primary and secondary schools must be implemented by September 3, 1980.

The Superior Court judgment as affirmed by the California Supreme Court contains a statement that the existing public school financing system shall continue to operate until an appropriate system, not in violation of the California Constitution, can be placed into effect.

Assembly Bill 65 was enacted by the California Legislature and was signed by the Governor in response to *Serrano v. Priest*. This bill was designed to place school finance "substantially" in compliance with the *Serrano v. Priest* decision.

This legislation significantly increased the amount of state money supplied to public school districts having a low local property tax basis, and provided for some equalization of tax moneys by redistributing some tax revenues of school districts having a high per-pupil property tax basis to school districts having a low per-pupil property tax basis. As the District has a low average per-pupil property tax basis, the District benefited from the increased State financial support provided to school districts under the legislation; however, the legislation enacted in Assembly Bill 65 was in effect superseded by the legislation enacted following the approval of Proposition 13 (See the next section of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation").

Assembly Bill 65 does not affect tax rate increases approved by voters of school districts for the long term leasing of public school buildings.

Litigation challenging the legislation contained in Assembly Bill 65 has been filed. It cannot be predicted whether such legislation will be determined to be constitutional under the standard promulgated



in *Serrano v. Priest*, or whether further challenges will be brought against the legislation enacted following the approval of Proposition 13.

Any further change resulting from *Serrano v. Priest* in the sources of funds, including property taxation, applied to the support of public schools, and any effect thereof on the moneys available to the District to pay rental under the Facility Lease which is the security on the Series of 1979 Bonds, are not determinable at this time. However, it is not believed that the result of such litigation will affect the validity of the Facility Lease during its term, even though the result of such further litigation or further legislation enacted in response thereto may affect the ability of the District to levy the voter-approved lease authorization tax.

### **1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation**

On June 6, 1978, California voters approved Proposition 13 (the Jarvis-Gann Constitutional Initiative) which added Article XIII A to the California Constitution and restricts the taxing powers of California public agencies. The text of Proposition 13, now Article XIII A of the California Constitution, as amended, is as follows:

#### **“Section 1.**

(a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

#### **Section 2.**

(a) The full cash value means the county assessor's valuation of real property as shown on the 1975-76 tax bill under “full cash value” or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in own-

ership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 full cash value may be reassessed to reflect that valuation. For purposes of this section, the term “newly constructed” shall not include real property which is reconstructed after a disaster, as declared by the Governor, where the fair market value of such real property, as reconstructed, is comparable to its fair market value prior to the disaster.

(b) The full cash value base may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

#### **Section 3.**

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property or, sales or transaction taxes on the sales of real property may be imposed.

#### **Section 4.**

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

#### **Section 5.**

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

#### **Section 6.**

If any section, part, clause or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect.”



**Supreme Court Validation.** On September 22, 1978, the California Supreme Court upheld the validity of Article XIII A against a number of challenges which attacked Proposition 13 as a whole (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court found that it was premature to rule on the claim that Article XIII A impermissibly interfered with contracts in violation of the U.S. Constitution, stating that such a challenge must come when a specific contract or obligation is impaired. In addition, the Court left open for future decision many other questions regarding the detailed interpretation and implementation of Article XIII A.

Section 2 of Article XIII A defines "full cash value" as "the county assessors valuation of real property as shown on the 1975-76 tax bill under 'full cash value' " or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. Additionally, Section 2 of Article XVIII A provides that all real property not already assessed up to the 1975/76 tax levels may be reassessed to reflect that valuation, and the full cash value may be increased annually to reflect inflation at a rate not to exceed two percent (2%) per year, or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

There is pending litigation in several California counties, but not in San Luis Obispo County, challenging the procedures by which certain County Assessors have retroactively revised the 1975/76 real property appraisals to a level equivalent to full cash value as of March 1, 1975. Such a reappraisal has not been done in San Luis Obispo County, and it is not anticipated that such cases will affect the District.

**Implementing Legislation.** Section 1 of Article XIII A limits the maximum ad valorem tax on real property to one percent (1%) of full cash value (as defined in Section 2 of Article XIII A), to be collected by the counties and apportioned according to law. Excluded from this limit is an amount of taxes or special assessments to pay interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978.

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on in-

debtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the prior practice of using 25 percent of full cash value as the assessed value for tax purposes).

Chapter 292, as amended, added Section 2237 to the Revenue and Taxation Code. Section 2237, interpreting what constitutes "indebtedness approved by the voters prior to" July 1, 1978 under Section 1 of Article XIII A, provides that, in addition to the tax of \$4.00 per \$100 assessed valuation which each county shall levy and distribute to local agencies, any school district (among other eligible local agencies) may levy a property tax equal to "the amount needed to make annual payments for the interest and principal on general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978 or the amount levied pursuant to . . . Sections 39308 [and] 39311 . . . of the Education Code."

Pursuant to this implementing legislation, the San Luis Obispo County Tax Collector included the voter approved lease authorization tax at the rate of \$0.71 per \$100 on 1978/79 tax bills in the District's tax area. There has been no court test of the validity of Section 2237 as it interprets Section 1 of Article XIII A, and until there is a court decision upholding Section 2237, there is no assurance that the District will be able to continue to collect the lease authorization tax levy. If Section 2237 were to be struck down in this respect, the District cannot predict whether it could collect part or all of the lease authorization tax levy on the ground that Article XIII A unconstitutionally impairs a contract of the District. As noted above, the California Supreme Court did not rule on similar claims in the *Amador Valley* case.

Chapter 292 further provides that for fiscal year 1978/79 only, the property tax levied by each county (\$4.00 per \$100 assessed valuation) is to be apportioned among all taxing agencies within the county in proportion to their average share of property taxes levied in certain previous years. The District estimates that it will receive \$858,813 as its share of this apportionment in 1978/79, including State payment for property taxes lost through reimbursable exemptions.

The apportionment of property taxes in fiscal years subsequent to 1978/79 will depend on further action of the Legislature. Section 4 of Article XIII A effectively prohibits the levying of any other ad valorem property tax above the limits set forth



in Section 1, even with the approval of the affected voters.

Chapter 292 also contained provisions appropriating a large part of the State's accumulated surplus revenues to be distributed among the State's local government units to replace lost property tax revenues in the 1978/79 fiscal year. The District estimates that it will receive \$854,929 as its share of this allocation.

Total current revenues budgeted by the District in 1978/79 (\$2,760,319 per Table 13 on page 26) are slightly in excess of total current revenues received by the District in 1977/78 (\$2,758,803 per Table 12 on page 25).

In January 1979 the Governor of California submitted his 1979/80 proposed State budget to the Legislature. The State Department of Finance advises that the proposed 1979/80 State budget provides \$2,072,000,000 of State general funds for distribution to school districts to replace lost property tax revenue, or the same amount that is being provided by the State in 1978/79. The proposed 1979/80 State budget also provides \$2,985,400,000 for other State support of schools. The amount of other State support of schools provided in 1978/79 is \$2,867,000,000.

The Governor's 1979/80 proposed State budget further proposes that the allocation formulas for the distribution of 1979/80 property taxes to be levied by the counties be the same as in 1978/79.

The State Department of Finance further advises that it estimates 1979/80 assessed valuation on a statewide basis at a level approximately 10 percent above those of 1978/79.

The District cannot at this time estimate the amounts of State funds and local property tax revenues that it may receive in 1979/80 and subsequent fiscal years. There is also no assurance that the aforementioned State surplus revenues will continue to exist, or that they will be allocated to local governments in fiscal years after 1978/79.

Passage of Proposition 8 on the November 7, 1978, ballot amends Section 2 of Article XIII A of the California Constitution to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster. Proposition 8 is not expected to have a

significant impact on the District's tax base, unless there is a major natural disaster in the District.

## **Legal Opinion**

The legal opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel to the Corporation, approving the validity of the Series of 1979 Bonds, will be furnished to the purchasers without charge at the time of the original delivery of the Series of 1979 Bonds, and is included in proposed form as Appendix A to this Official Statement. A copy of the legal opinion will be printed on each bond. See the concluding paragraph of the "To Whom It May Concern" section of this Official Statement regarding the scope of bond counsel's employment concerning this Official Statement.

Bond counsel's fee is payable from the proceeds of the bonds and is contingent upon bond delivery, except if the bonds are not issued and the project is abandoned, bond counsel will receive a fee based upon the amount of work performed to said time of abandonment.

## **Tax Exempt Status**

In the opinion of bond counsel, the interest on the bonds will be exempt from all present Federal income taxes under existing statutes, regulations, and court decisions, and the bonds will be exempt from all present taxation in California other than inheritance, estate, gift and franchise taxes.

## **Eligibility for Deposits of Public Moneys**

The Series of 1979 Bonds are eligible for security for deposits of public moneys in California.

## **Eligibility for National Banks**

A request is being made to the Comptroller of the Currency for a ruling that the Series of 1979 Bonds of the Corporation are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. The ruling is expected prior to the date of sale of the Series of 1979 Bonds.

## **Sale of Bonds in California**

The Division of Corporation Finance of the United States Securities and Exchange Commission has issued a "no-action" letter to the Corporation stating that the Division of Corporation Finance will not recommend any action to the Securities and Exchange Commission if the proposed bond offering is made without prior compliance with the registration

requirements of the Securities Act of 1933 or qualification of the Indenture under which the Series of 1979 Bonds are to be issued under the Trust Indenture Act of 1939. The Commissioner of Corporations of the State of California has issued an interpretive opinion stating that the Series of 1979 Bonds are exempt from the qualification requirement of Section 25110 of the California Corporate Securities Law of 1968. The Series of 1979 Bonds are being offered and sold without registration under the Securities Act of 1933 or qualification of the Indenture under the Trust Indenture Act of 1939, and without qualification under the California Corporate Securities Law of 1968, in reliance upon such “no-action” letter and such interpretive opinion.

### **Resale of Bonds in Other States**

The Corporation will furnish to prospective purchasers an information memorandum covering applicability of blue-sky laws in: all states; the District of Columbia; and Puerto Rico. The memorandum will indicate states in which no action is believed necessary to qualify the Series of 1979 Bonds for offer and sale, states in which the Corporation is taking action to qualify the Series of 1979 Bonds for offer and sale or to obtain exemptions, and states in which additional action is believed necessary to qualify the Series of 1979 Bonds for offer and sale (Florida, Ohio, Vermont, New Hampshire, and Vermont). The purchaser will assume responsibility for any required permits and/or filing fees in states in which additional action is believed necessary and for complying with the laws of all jurisdictions on resale of the Series of 1979 Bonds, and shall indemnify and hold harmless the Corporation and its officers and directors from any loss or damage resulting from any failure to comply with any such law.

### **Purpose of Issue**

The Series of 1979 Bonds are to be issued by the Corporation to finance the following: (1) a multipurpose room addition to Georgia Brown Elementary School; (2) a multipurpose room addition to Winifred Pifer Elementary School; and (3) a new junior high school to be constructed and remodeled on a site including the existing main building of Paso Robles High School (herein called “Project Phase I”), all for lease by the Corporation to the Paso Robles Union School District, San Luis Obispo County, as more fully described in the section of this Official Statement entitled “The Project” (See page 18).

### **Additional Series of Bonds**

The Corporation does not, at this time, plan to issue any series of bonds beyond the Series of 1979 Bonds. Additional parity bonds may be issued under the Indenture and would be equally and ratably secured under the Indenture with the Series of 1979 Bonds. Such additional bonds could only be issued to finance public school facilities for lease to the District. Under present law, a majority approving vote at an election in the District is required before the District can enter into additional lease(s).

### **Security**

The Series of 1979 Bonds will be valid, binding, and legal obligations of the Corporation secured under the Indenture by the assignment, transfer in trust, transfer of security interest in, and pledge of the trust estate, including the following, to the United California Bank, San Francisco, California, as Trustee:

(1) The leasehold estate of the Corporation in real property under the Site Lease (Project Phase I) between the District, as lessor, and the Corporation, as lessee;

(2) All rights, title, and interest of the Corporation under the Facility Lease (Project Phase I) between the Corporation, as lessor, and the District, as lessee; and

(3) All of the revenues derived by the Corporation from the use and operation of the Project Phase I to be acquired and constructed pursuant to the Site and Facility Leases.

Bond principal and interest coming due each year will be payable from semiannual base rental payments to be made by the District for use of the facilities financed by the Corporation. The District’s base rental specified in the Facility Lease will be in an amount sufficient to pay principal and interest on the Series of 1979 Bonds. Based on the maximum permitted interest rate of 8 percent that may be bid on the Series of 1979 Bonds, the District’s annual base rental would be \$385,428. The exact amount of the semiannual base rental payment payable by the District will be established subsequent to the determination of the interest rates the Series of 1979 Bonds will bear.

Under provisions of the Facility Lease, the District will also be obligated to pay to the Corporation additional rental, not to exceed \$5,000 annually, to meet administrative costs of the Corporation attributable to the Series of 1979 Bonds.



**Authorized District Tax Rate Increase.** At an election held on May 31, 1977, voters of the District approved an increase of \$0.71 per \$100 assessed valuation in the District's maximum annual tax rate, over the period 1977/78 to 2001/02, for Project Phase I purposes. The voter approved \$0.71 per \$100 assessed valuation tax for Project Phase I purposes was levied in 1977/78.

Pursuant to Statutes of 1978, Chapter 292, as amended (see the subsection of this Official Statement entitled "Implementing Legislation" under the section entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 8) the voter approved \$0.71 per \$100 annual valuation tax for Project Phase I purposes was levied in 1978/79.

Proceeds from the Project Phase I 1977/78 and 1978/79 tax levies (plus income from the investment of these proceeds) are estimated by the District's Business Manager at \$786,000. These monies will be applied, along with proceeds from the sale of the \$3,925,000 Series of 1979 Bonds, to meet the estimated costs of Project Phase I as discussed in "The Project" section of this Official Statement.

**Estimated Rental.** The District's estimated maximum annual rental payable to the Corporation in semi-annual installments beginning February 15, 1981 is \$390,428 (base rental @ \$385,428 plus additional rental not to exceed \$5,000 annually). The maximum base rental estimate (\$385,428) assumes that the maximum permitted interest rate of 8 percent will be bid on the Series of 1979 Bonds.

**Estimated Tax Rate For Rental Obligations.** Pursuant to the Facility Lease (Project Phase I), the District will covenant to budget annually funds required for the payment of rental to the Corporation.

The principal source of District funds to pay rental to the Corporation is expected to be the voter approved tax for Project Phase I purposes (maximum of \$0.71 per \$100 assessed valuation). In Statutes of 1978, chapter 292, as amended by chapter 332, the California Legislature has adopted legislation which interprets and implements the recently enacted Article XIII A of the California Constitution (commonly called Proposition 13) so as to permit the District to continue to collect the voter approved lease authorization tax levy over and above the limits on ad valorem property tax rates set in Article XIII A. There has been no court test of the validity of this Legislative interpretation, and until such a test is made, there is no assurance that the District

will be able to continue to collect the voter approved lease authorization tax levy. See the section of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation", beginning on page 8.

Based on the District's 1978/79 assessed valuation (\$65,712,910), the voter approved tax rate of \$0.71 per \$100 assessed valuation for Project Phase I purposes provides 1.15 coverage of the estimated maximum rental payable by the District to the Corporation in semiannual installments beginning on February 15, 1981. The 1.15 coverage estimate includes an allowance for tax collection delinquencies at the rate of 4 percent. (Over the past five years tax collection delinquencies have averaged 3.71 percent.)

The 1.15 coverage estimate would increase to the extent that: (1) the \$3,925,000 of Series of 1979 Bonds were sold at a rate less than the permitted maximum of 8 percent; and (2) the District's 1980/81 assessed valuation increased over that of 1978/79 due to (a) new construction and (b) changes in the ownership of properties which are presently assessed at 1975/76 tax roll levels. With respect to new construction, the District has been advised by the City of Paso Robles that the valuation of building permits issued from March 1, 1978 through January 1, 1979 totaled \$12,595,795. New construction undertaken within the District between March 1, 1978—March 1, 1979 and March 1, 1979—March 1, 1980 will be added to the District's 1979/80 and 1980/81 assessed valuations, respectively.

General Fund revenues of the District, at the discretion of the Board of Trustees, may be used to pay rental. The ending General Fund balance of the District as of June 30, 1978 was \$405,838. It is anticipated however that in future years, General Fund revenues that may be available to pay rental will be substantially lower due to the revenue limiting features of Article XIII A of the California Constitution.

The facility lease rental will constitute the only source of funds available for the payment of debt service on the Series of 1979 Bonds, and such rentals are payable only from funds of the District legally available therefor. Remedies provided in said lease for default by the District do not include acceleration of rent.

## The Indenture

The following summary of major provisions of the Indenture under which the Series of 1979 Bonds will be issued is presented below. The summary does

not provide a complete and detailed description of all provisions of the Indenture and prospective purchasers of the Series of 1979 Bonds are referred to the proposed form of Indenture contained in the Basic Legal Documents accompanying the distribution of this Official Statement.

**The Trustee.** United California Bank, San Francisco, California will be appointed by the Corporation as Trustee. The Trustee will receive all of the bond proceeds and revenues of the Corporation for disbursement in conformity with the Indenture. In addition to administering the various funds of the Corporation, the Trustee will invest all funds held in trust, act as paying agent for the Corporation's Bonds and act as bond registrar.

**Creation of Special Funds.** The Indenture provides for the establishment of special trust funds,

all to be held and administered by the Trustee. The funds applicable to the Series of 1979 Bonds and any additional series of bonds together with their sources and uses are summarized in the tabulation below. Moneys held in the various funds may be invested by the Trustee under the provisions of Section 4.04 of the Indenture.

**Disposition of Bond Proceeds.** Section 3.02 of the Indenture provides that the proceeds from the sale of the Series of 1979 Bonds shall be deposited with the Trustee. The Trustee will then make the following deposits:

(1) *Interest Fund.* An amount sufficient to pay the interest accruing on the Series of 1979 Bonds on and before September 1, 1980.

(2) *Corporate Operation Fund.* The sum of \$10,000 which is to be maintained as working

## TRUST FUNDS

| Fund  | Principal Source  | Use  |
|---|---|--|
| Construction Fund (Section 3.03) . . . . .                                | Bond Proceeds   | Construction, and incidental expenses of bond issuance and delivery.   |
| Revenue Fund (Section 4.01) . . . . .                                     | District Base Rental Payments   | Transfers to Interest Fund; Principal Fund; Operation and Maintenance Fund, if needed; Reserve Fund, if needed; and Corporate Operation Fund, if needed. |
| Interest Fund (Section 4.02(a)) . . . . .                                 | Transfers from Revenue Fund   | Bond interest payments.  |
| Principal Fund (Section 4.02(b)) . . . . .                                | Transfers from Revenue Fund   | Bond principal payments.   |
| Principal Fund: Sinking Fund Accounts, if any (Section 4.02(b)) . . . . . | Transfers from Revenue Fund   | Redemption of term Bonds, if any, at or prior to maturity.   |
| Operation and Maintenance Fund (Section 4.02(c)) . . . . .                | Transfers from Revenue Fund   | To meet costs of operation and maintenance if at any time the Corporation shall operate and maintain the Project.  |
| Reserve Fund (Section 4.02(d)) . . . . .                                  | Bond Proceeds and, if depleted, Revenue Fund  | Bond principal and interest; payment of final maturities; payment for Project repairs or replacement.  |
| Corporate Operation Fund (Section 4.03) . .                               | Bond Proceeds, District Additional Rental Payments, and transfers from Reserve Fund earnings, if needed | Corporate operating expenses.  |



capital to pay Corporation administrative expenses, Trustee's fees, or other necessary administrative expenses.

(3) *Reserve Fund.* A sum equal to one-half maximum annual debt service on the Series of 1979 Bonds.

(4) *Construction Fund.* The balance of proceeds from the sale of Series of 1979 Bonds shall be deposited in the Project Construction Account in the Construction Fund and applied to the payment of costs of Project Phase I.

When Project Phase I has been completed, a certificate of the Corporation stating the fact and date of such completion, together with an Architect's certificate stating the fact and date of such completion, shall be delivered to the Trustee by the Corporation. With the receipt of these certifications the Trustee shall transfer any remaining balance not needed for Project Phase I purposes to the Revenue Fund or to any other Project Construction Account.

**Revenue Fund.** All base rental revenue shall be paid to the Trustee and deposited by the Trustee to the credit of the Revenue Fund. Moneys in the Revenue Fund, unless needed to be held for later debt service, shall be disbursed, applied, or set aside by the Trustee in the following order of priority:

(1) *Interest Fund.* On or before February 28, 1981, and on or before each succeeding August 31 and February 28, an amount equal to the aggregate half-yearly amount of interest becoming due and payable on the outstanding Bonds on the next succeeding interest payment date, less any available balances in said fund.

(2) *Principal Fund.* On or before each February 28, commencing February 28, 1981, an amount at least equal to one-half of the Bond principal payable on the next succeeding September 1, and on or before each August 31, beginning August 31, 1981, an amount which, along with any balance on deposit, shall be at least equal to the principal payable on the next succeeding September 1.

(3) *Operation and Maintenance Fund.* If the Corporation shall at any time operate the Project, on or before each February 28 and each August 31 the Trustee shall deposit an amount needed to provide for payment of all costs of operation and maintenance during the next six months.

(4) *Reserve Fund.* A Reserve Fund equal to one-half maximum annual bond service will be

created from the proceeds of the Series of 1979 Bonds and be held by the Trustee. Moneys in this Fund shall be used to pay bond principal and interest in the event no other funds are available, and moneys in this Fund in excess of one-fourth of maximum annual debt service may be used for the repair, reconstruction, or replacement of any damaged or destroyed portion of the Project or for the loss of rental income not insured against because of the thirty-day deductible amount. Balances in this Fund exceeding one-half maximum annual debt service on outstanding bonds shall be used to the extent needed to increase the balance in the Corporate Operation Fund to the amount required to be on deposit in said Fund and any remaining excess amounts shall be paid to the District.

Moneys in the Revenue Fund, Reserve Fund, Principal Fund, and Interest Fund may be used by the Trustee to reimburse the District for any rental payable under any Facility Lease for a period during which rental is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance) are available.

**Corporate Operation Fund.** The Trustee shall deposit in the Corporate Operation Fund from time to time all amounts received in the form of additional rental sufficient to maintain a balance of \$10,000, said moneys to be used to pay all administrative costs of the Corporation.

**Investment of Funds.** Any moneys in any of the funds may be invested in time deposits including certificates of deposits of banks or savings and loan institutions or in Federal securities, subject to limitations as set forth in the Indenture.

Moneys in the Interest Fund and in the Principal Fund may be invested in obligations which will, as nearly as practicable, mature on or before the respective semiannual interest payment dates or annual Bond maturity dates.

Moneys in the Construction Fund and the Corporate Operation Fund may be invested in obligations which will mature within one year from the date of investment. One-half of the moneys in the Reserve Fund may be invested in obligations which will mature within five years from the date of investment and one-half in obligations which will mature within ten years from the date of investment. Moneys in the Revenue Fund and in the Operation and Maintenance Fund may be invested in obligations which will mature so as to be available when needed.

All interest earned on any such investment shall become part of the fund on which earned, except that such interest earnings received or accrued on Interest Fund and Reserve Fund moneys during construction of any phase of the Project shall be transferred to the appropriate Project Construction Account.

**Additional Series of Bonds.** Although the Corporation does not plan, at this time, to issue additional series of bonds beyond the Series of 1979 Bonds, Section 3.04 of the Indenture permits the issuance of one or more additional series of parity bonds by supplemental indenture(s) subject to, among other things, the following conditions:

(1) The Corporation shall not be in default under provisions of the Indenture;

(2) The supplemental indenture shall require that the additional series of bonds will be issued for the purposes of acquiring or constructing additional public school facilities for the District, or the making of additions, improvements, or extensions to the Project;

(3) The additional series of bonds shall have no priority over the Series of 1979 Bonds;

(4) The Corporation must enter into a new or amended Facility Lease with the District in which the District obligates itself to increase the base rental under all Facility Leases in amounts sufficient to provide for the payment of the principal of and interest on the additional series of bonds when due;

(5) Provision must be made to increase the Reserve Fund to an amount equal to at least one-half maximum annual bond service on all series of bonds to be outstanding thereafter.

Additional series of parity bonds may also be issued with the consent of the holders of 60 percent of outstanding bonds.

**Title Insurance.** A policy of title insurance insuring either the leasehold interest title of the Corporation in the real property described in the Site Lease or the title of the District in such real property will be provided at or prior to delivery of the Series of 1979 Bonds. Said policy will be enforceable for the benefit of the bondholders in the principal amount of the Series of 1979 Bonds.

**Fire and Extended Coverage Insurance.** While any of the Bonds are outstanding, the Corporation shall cause to be maintained insurance against loss

or damage to any structures constituting part of the Project by fire and lightning with extended coverage and vandalism and malicious mischief insurance. Such insurance shall either (1) be in an amount equal to the replacement cost of the structures subject to deductible clauses for any one loss not to exceed the lesser of \$50,000 or the excess of the available moneys in the Reserve Fund above one-fourth of maximum annual debt service, or (2) be in an amount and in form sufficient to enable the Corporation (together with moneys in the Reserve Fund) either to retire all Bonds then outstanding or to restore the structures to the condition existing before such loss.

**Earthquake Insurance.** Upon completion of any part of the Project, the Corporation shall cause to be maintained earthquake insurance in an amount equal to the replacement cost of structures, provided coverage is available at reasonable cost on the open market from reputable insurance companies. Such insurance may be subject to a deductible clause of not to exceed 10% of said replacement cost for any one loss. The contractors will provide the insurance with a 3% deductible during the course of construction. Alternatively, the Corporation may provide earthquake insurance in an amount and form sufficient to enable the Corporation either to retire all bonds then outstanding or to restore the structures to the condition existing before such loss.

**Use and Occupancy Insurance.** While any of the Bonds are outstanding, the Corporation shall cause to be maintained use and occupancy or rental interruption insurance to cover total or partial loss of rental income from any structure constituting the Project facilities resulting from damages discussed in the "Fire and Extended Coverage Insurance" and "Earthquake Insurance" paragraphs above in an amount sufficient to pay the total rental due for the period of time allowed for the construction of the structures by the construction contractors plus three months subject to a deductible clause of not to exceed the lesser of thirty days or the excess of the available moneys in the Reserve Fund above one-fourth of maximum annual debt service, except that such insurance need be maintained as to the peril of earthquake only following completion of construction and only if available at reasonable cost on the open market from reputable insurance companies.



**Public Liability Insurance.** Except as provided below, while any of the Bonds are outstanding the Corporation shall cause to be maintained public liability insurance. Minimum liability limits for such insurance are \$1,000,000 for personal injury or death of one person; \$3,000,000 for personal injury or death of two or more persons in each event; and \$200,000 subject to a deductible clause not to exceed \$5,000, for property damage for any one accident. Such public liability and property damage insurance may however be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks.

The Corporation shall have the right to provide other kinds of insurance or methods or plans of protection against risk or loss which shall be in substitution for the public liability insurance otherwise required to be maintained by the Corporation, providing such other kinds of insurance, plans or methods shall afford reasonable protection to the Corporation, its members, directors, officers, agents and employees and the Trustee giving consideration to cost, availability and plans or methods of protection adopted by California school districts other than the District.

**Eminent Domain.** If all or any part of the trust estate shall be taken by eminent domain proceedings, or sold under threat thereof, the proceeds therefrom shall be deposited with the Trustee and applied and disbursed as follows: (a) to be treated as revenues of the Project if the Project's operation has not been materially affected or the Corporation's ability to meet its obligations has not been impaired; or the proceeds shall be used if needed for repair or rehabilitation of the Project; (b) to be used to redeem Bonds if less than all of the Project shall have been taken by eminent domain and if the Project's operation has been materially affected, or the Corporation's ability to meet its obligations has been impaired; and (c) if all of the Project shall have been taken by eminent domain, the proceeds therefrom and any other available monies shall be used to redeem Bonds. If said monies are insufficient the Trustee shall first apply the proceeds to meet the Trustee's costs of administration of its trusts under the Indenture and then to payment of principal and interest on the Bonds then outstanding, in full or ratably without preference or priority.

**Non-Liability of Individuals.** No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon

or otherwise in respect thereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, member, director or officer, as such, past, present or future, of the Corporation or of any predecessor or successor corporation, either directly or through the Corporation or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being by the acceptance of the Bonds and as part of the consideration for the issue thereof expressly waived and released, as provided in the Indenture.

**Additional Covenants.** The Indenture contains other covenants, including but not limited to the following whereby the Corporation agrees to:

- (1) Punctually pay the principal and interest on the Bonds as they become due;
- (2) Promptly collect all rents and charges due for the occupancy or use of the Project and to enforce its rights against any tenant who does not pay such rents and charges as they become due;
- (3) Maintain, or cause to be maintained, proper books of record and account;
- (4) Maintain, or cause to be maintained, in good condition and repair the Project facilities;
- (5) Construct and complete Project Phase I in conformity with the construction contracts (under the construction contracts 100% performance bonds and 100% labor and materialmen's bonds will be required of the contractors);
- (6) Pay, discharge, or contest any taxes, assessments, or other charges upon the Project or the revenues.

**Remedies of Default:** In the event of default, the Trustee may, and upon the written request of holders of not less than 25 percent of the principal amount of Bonds outstanding, shall, by notice in writing to the Corporation, declare and cause the principal of all of the outstanding Bonds and the interest accrued thereon to be due and payable immediately.

Events of default by the Corporation are defined by the Indenture to include:

1. Failure to pay principal, interest or redemption premium on Bonds when due.
2. Failure to perform or observe covenants, agreements, or conditions in the Indenture or in the Bonds for the specific period of time after notice thereof is given to the Corporation.

3. Termination of the corporate existence of the Corporation.

4. Admission by the Corporation that it is unable to pay its debts, or the filing of any proceedings of bankruptcy by or against the Corporation.

5. If under the provisions of any bankruptcy law, a court appoints a receiver or assumes custody or control of the Corporation or a substantial part of its property, or approves a petition seeking reorganization of the Corporation, failure of the Corporation to terminate or stay such order, judgment or decree, or custody or control within sixty days.

If one or more events of default continue, the Trustee may, in its discretion, and upon the written request of the holders of not less than a majority of the principal amount of Bonds outstanding, and upon being indemnified to its satisfaction, shall, proceed

with any of the following remedies: enter and take possession of the trust estate, institute legal proceedings by a suit in equity or action at law, or sell the trust estate. The holders of a majority of the bonds outstanding have the right to direct the time, method, and place of conducting any remedy, or to exercise any trust or power conferred upon the Trustee under the Indenture.

For a more complete discussion of bondholder and trustee powers in the event of default, reference is made to the Indenture.

### Estimated Annual Bond Service

Table 2 shows estimated maximum annual bond service on the Corporation's Series of 1979 Bonds based on the maximum interest rate of 8 percent that may be bid on the Series of 1979 Bonds.

**Table 2**

**PASO ROBLES UNION SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION**  
**\$3,925,000 Principal Amount Series of 1979 Bonds**  
**Estimated Maximum Annual Bond Service**

| Year<br>Ending<br>September 1 | Principal<br>Amount<br>Outstanding<br>September 1 | Interest @ 8 Percent Payable |                         | Payable<br>Principal<br>September 1 | Estimated<br>Maximum<br>Annual<br>Bond Service |
|-------------------------------|---|------------------------------|-------------------------|-------------------------------------|--|
|                               |   | March 1                      | September 1             |                                     |  |
| 1979 .....                    | \$3,925,000                                       | \$ —                         | \$ 157,000 <sup>①</sup> | \$ —                                | \$ 157,000 <sup>①</sup>                        |
| 1980 .....                    | 3,925,000   | 157,000 <sup>①</sup>         | 157,000 <sup>①</sup>    | —                                   | 314,000 <sup>①</sup>                           |
| 1981 .....                    | 3,925,000   | 157,000                      | 157,000                 | 70,000                              | 384,000  |
| 1982 .....                    | 3,855,000   | 154,200                      | 154,200                 | 75,000                              | 383,400  |
| 1983 .....                    | 3,780,000   | 151,200                      | 151,200                 | 80,000                              | 382,400  |
| 1984 .....                    | 3,700,000   | 148,000                      | 148,000                 | 90,000                              | 386,000  |
| 1985 .....                    | 3,610,000   | 144,400                      | 144,400                 | 95,000                              | 383,800  |
| 1986 .....                    | 3,515,000   | 140,600                      | 140,600                 | 105,000                             | 386,200  |
| 1987 .....                    | 3,410,000   | 136,400                      | 136,400                 | 110,000                             | 382,800  |
| 1988 .....                    | 3,300,000   | 132,000                      | 132,000                 | 120,000                             | 384,000  |
| 1989 .....                    | 3,180,000   | 127,200                      | 127,200                 | 130,000                             | 384,400  |
| 1990 .....                    | 3,050,000   | 122,000                      | 122,000                 | 140,000                             | 384,000  |
| 1991 .....                    | 2,910,000   | 116,400                      | 116,400                 | 150,000                             | 382,800  |
| 1992 .....                    | 2,760,000   | 110,400                      | 110,400                 | 165,000                             | 385,800  |
| 1993 .....                    | 2,595,000   | 103,800                      | 103,800                 | 180,000                             | 387,600  |
| 1994 .....                    | 2,415,000   | 96,600                       | 96,600                  | 190,000                             | 383,200  |
| 1995 .....                    | 2,225,000   | 89,000                       | 89,000                  | 210,000                             | 388,000  |
| 1996 .....                    | 2,015,000   | 80,600                       | 80,600                  | 225,000 <sup>②</sup>                | 386,200  |
| 1997 .....                    | 1,790,000   | 71,600                       | 71,600                  | 245,000 <sup>②</sup>                | 388,200  |
| 1998 .....                    | 1,545,000   | 61,800                       | 61,800                  | 260,000 <sup>②</sup>                | 383,600  |
| 1999 .....                    | 1,285,000   | 51,400                       | 51,400                  | 280,000 <sup>②</sup>                | 382,800  |
| 2000 .....                    | 1,005,000   | 40,200                       | 40,200                  | 310,000 <sup>②</sup>                | 390,400  |
| 2001 .....                    | 695,000   | 27,800                       | 27,800                  | 330,000 <sup>②</sup>                | 385,600  |
| 2002 .....                    | 365,000   | 14,600                       | 14,600                  | 365,000 <sup>②</sup>                | 394,200  |
| Totals .....                  |   | \$2,434,200                  | \$2,591,200             | \$3,925,000                         | \$8,950,400                                    |

① Interest funded with bond proceeds. ② Callable from any source of funds on or after September 1, 1989.



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# THE PROJECT

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## Project Phase I Facilities

Proceeds from the sale of the \$3,925,000 Series of 1979 Bonds currently being offered will be used to finance construction of Project Phase I consisting of: (1) a multipurpose room addition to the Georgia Brown Elementary School; (2) a multipurpose room addition to the Winifred Pifer Elementary School; and (3) a new junior high school to be constructed and remodeled on a site including the existing main building of Paso Robles High School.

## Project Phase I Implementation

On May 31, 1977 voters of the District approved by majority vote an increase of \$0.71 per \$100 of assessed valuation in the District's maximum tax rate for the years 1977/78 to 2001/02 to purchase a site, prepare plans and specifications, and lease Project Phase I facilities to be constructed and remodeled for use by the District.

Plans and specifications for Project Phase I facilities, prepared by Arendt/Mosher/Grant/Pedersen/Phillips, Architects, Santa Barbara, California have been approved by the Office of State Architect as conforming to fire, safety, and earthquake safety standards.

The governing board of the District has determined that the Project Phase I facilities will not have a significant effect on the environment and qualify for negative declaration status under the California Environmental Quality Act of 1970 (Public Resources Code 21000 and following). The District has filed negative declarations in the office of the San Luis Obispo County Clerk pursuant to this law.

For purposes of acquiring from the Paso Robles Joint Union High School District the junior high school site and property, the District has received appraisals from three firms: (1) Schenberger, Taylor & Associates (\$1,050,000); (2) Reeder, Fugate, Chapman & Gilman (\$1,015,000); and (3) Hunt & Malone (\$1,200,000).

On December 12, 1978 the Corporation received sealed competitive bids for the construction of the multipurpose room addition to the Winifred Pifer Elementary School. The low bid of \$546,660 was submitted by the firm of Tara Construction, San Luis Obispo, California.

On December 14, 1978, the Corporation received sealed competitive bids for the construction of the multipurpose room addition to the Georgia Brown Elementary School. The low bid of \$605,000 was submitted by Bunnell Construction, San Luis Obispo, California.

On December 21, 1978 the Corporation received sealed competitive bids for the construction of a new junior high school including the remodeling of the existing main building of Paso Robles High School. The low bid of \$1,197,000 was submitted by Don Greene Contractor, Inc., Santa Barbara, California.

A labor and materials bond of 100% of the contract amount and a performance bond of 100% of the contract amount is required of each contractor.

Each contractor is also required by the construction contract to carry public liability and property damage and worker's compensation insurance during the construction period and until the building has been accepted by the District and the Corporation.

During the construction period each contractor will maintain builders risk and extended coverage insurance against fire, vandalism, and malicious mischief in an amount equal to the replacement cost subject to a \$5,000 deductible for any loss and earthquake insurance against loss or damage by earthquake in an amount not less than the full insurable value of the properties, subject to a 3% deductible for any loss.

Rental interruption insurance is to be maintained by the Corporation.

Upon delivery of the Series of 1979 Bonds, the following simultaneous action will be taken:

(1) The District will acquire the junior high school site and property from the Paso Robles Joint Union High School District;

(2) The Site Lease and the Facility Lease for the Project Phase I will be executed between the Corporation and the District; and

(3) The Corporation will enter into construction contracts with the above cited contractors for construction of Project Phase I facilities.

Completion of construction of Project Phase I facilities is scheduled for April 1, 1980.

## Project Phase I Financing

The tabulation below shows total estimated costs of Project Phase I facilities.

### Project Phase I Total Estimated Costs

|   |                          |
|---|--------------------------|
| Purchase Junior High School Site and Property .....   | \$1,088,334 <sup>①</sup> |
| Junior High School Construction and Re-modeling ..... | 1,197,000 <sup>②</sup>   |
| Winifred Pifer Elementary School Construction .....   | 546,600 <sup>②</sup>     |
| Georgia Brown Elementary School Construction .....    | 605,000 <sup>②</sup>     |
| Construction Contingencies .....                      | 120,000 <sup>③</sup>     |
| Architects Fees .....                                 | 211,900 <sup>③</sup>     |
| Furniture and Equipment .....                         | 125,000 <sup>③</sup>     |
| Inspection and Testing .....                          | 47,400 <sup>③</sup>      |
| Plan Checking Fees, Tests, Mapping ...                | 9,600 <sup>③</sup>       |
| Total .....   | \$3,950,834              |

① Average of three appraisals received by the District.

② Based on construction bids received by the Corporation.

③ Estimates of Arendt/Mosher/Grant/Pedersen/Phillips, Architects.

In 1977/78 and 1978/79, property taxes at the voter-approved rate of \$0.71 per \$100 assessed valuation were levied to provide the District with funds for Project Phase I purposes. The District's Business Manager estimates that approximately \$786,000 will

be available for Project Phase I purposes from the 1977/78 and 1978/79 property tax levies.

Table 3 shows total estimated costs of the Project Phase I, total estimated funds available to the District which will be applied to the Project Phase I, application of proceeds from the sale of the \$3,925,000 of Series of 1979 Bonds.

**Table 3**

### PASO ROBLES UNION SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION

#### Project Phase I Funding

|  |             |
|--|-------------|
| Total Estimated Project Phase I Costs .. | \$3,950,894 |
| Source of Funds                          |             |
| District Funds .....                     | \$ 786,000  |
| Bond Proceeds and Investment Income      | 3,164,894   |
| Disposition of Bond Proceeds             |             |
| Principal Amount Issued .....            | \$3,925,000 |
| Less: Funded Interest Through            |             |
| September 1, 1980 .....                  | (471,000)   |
| Corporate Operation Fund .               | (10,000)    |
| Reserve Fund .....                       | (197,100)   |
| Costs of Issuance and Insurance .....    | (120,000)   |
| Bond Proceeds to Construction Fund .     | \$3,126,900 |
| Add: Investment Income During            |             |
| Construction .....                       | 82,400      |
| Total Available Bond Proceeds and        |             |
| Investment Income .....                  | \$3,209,300 |



# DISTRICT ORGANIZATION AND FINANCIAL DATA

## Organization

The Paso Robles Union School District operates four public schools in the City of Paso Robles. The District is composed of the Paso Robles District formed in 1877, the Estrella District formed in 1873, the Oaks Flat District formed in 1880, the San Marcus District formed in 1885, the Union School District, annexed in 1955, and the Lincoln School District, annexed in 1964.

The District is governed by an independent Board of Trustees of five members who are elected at large for overlapping four-year terms. The Superintendent, who is appointed by the Board of Trustees, administers the District's affairs in accordance with policies of the Board of Trustees. The present superintendent, Dr. Bill J. James, has a total of 18 years experience in education. He was appointed to his present post on July 1, 1978. Dr. James was previously Assistant Superintendent of the Las Virgenes Unified School District, Los Angeles County, for a period of seven years.

Mr. Frank B. Heinen, Business Manager, was appointed to his position in October 1977. He has had 14 years of school business management experience including prior service with the Conejo Valley Unified School District and the office of the County Superintendent of Schools, San Luis Obispo County.

## Facilities and Attendance

District facilities include three elementary schools (grades K-6) and one intermediate school (7-8). The District's staff includes 83 certificated, 52 full-time classified, 14 part-time classified, and four administrative personnel. In addition, the services of the Superintendent, Assistant Superintendent, and Business Manager are shared with the Paso Robles Joint Union High School District. The 1978/79 budget is approximately \$3.1 million. Enrollment at October 1, 1978 was 1,447.

Table 4 shows data relative to District assessed valuations, average daily attendance, and assessed valuation per student in average daily attendance. From 1973/74 through 1977/78, the District's assessed valuation increased approximately 83.8 percent; assessed valuation per unit of average daily attendance increased approximately 68.4 percent; and average daily attendance increased 9.2 percent from 1,366 to 1,491. Average daily attendance is projected by the District's staff at 1,500 in 1978/79, with assessed valuation per unit of average daily attendance estimated at \$43,809.

**Table 4**

### PASO ROBLES UNION SCHOOL DISTRICT Assessed Valuation and Average Daily Attendance

| Fiscal Year   | Assessed Valuation | Average Daily Attendance <sup>①</sup> | Assessed Valuation Per Unit Average Daily Attendance |
|---------------|--------------------|---------------------------------------|--|
| 1973/74 ..... | \$28,158,206       | 1,366                                 | \$20,614   |
| 1974/75 ..... | 30,363,550         | 1,437                                 | 21,130   |
| 1975/76 ..... | 35,736,043         | 1,427                                 | 25,043   |
| 1976/77 ..... | 37,180,833         | 1,463                                 | 25,414   |
| 1977/78 ..... | 51,748,892         | 1,491                                 | 34,708   |
| 1978/79 ..... | 65,712,910         | 1,500 <sup>②</sup>                    | 43,809 <sup>②</sup>                                  |

① Includes special classes.

② District staff estimate.

Source: County Auditor-Controller and District audit reports.

## Assessed Valuations

The San Luis Obispo County Assessor assesses property for District tax purposes. The State Board of Equalization reports the 1977/78 San Luis Obispo County valuations averaged 18.1 percent of full market value, except for public utility property, which is assessed by the State at 25 percent of full value. County assessment ratios for 1978/79 are not available.

Under California State Law, two types of exemptions of property from ad valorem taxes became effective in the 1969/70 fiscal year. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Revenue estimated to be lost to each taxing entity as a result of these exemptions is reimbursed to the taxing entity from state funds. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions, without allowance for delinquencies.

Table 5 presents the District's 1978/79 assessed valuation by tax roll, before and after these two exemptions. These assessed values reflect the implementation of Proposition 13, now Article XIII A of the California Constitution.

The Williamson Act (California Government Code Sections 51200 and following) provides that agricultural lands may be segregated as an agricultural preserve and so qualify for reduced assessed valuations for stipulated time periods. Numbers of landowners within the District have contracted pursuant to the Williamson Act and have obtained lower

assessed valuations on their property. At present, many California county assessors (including the San Luis Obispo County Assessor) are not adjusting assessed valuations on these lands pursuant to the provisions of Proposition 13, now Article XIII A of the California Constitution. A bill now before the California Assembly Revenue and Taxation Committee would exempt Williamson Act lands from the Proposition 13 requirements on the theory that the Williamson Act itself has constitutional stature and takes precedence over Proposition 13 in this respect. The District is unable to predict whether any legislation clarifying this situation will be enacted or what the ultimate impact of Proposition 13 on Williamson Act lands will be.

Table 6 on page 22 shows the previous five-year history of the District's assessed valuation by tax roll prior to deductions for the special exemptions noted above.

## Tax Rates

Section 1(a) of Proposition 13 (now Article XIII A of the California Constitution) limits any ad valorem tax on real property to one percent of full cash value of such property; however this limitation is not applicable to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by voters prior to July 1, 1978, the effective date of Article XIII A of the California Constitution.

The District's 1978/79 tax rate per \$100 assessed valuation is \$0.71 for the long-term lease obligation. Table 7 presents a five-year history of the District's tax rates. During this period the range of total rates per \$100 assessed valuation was \$2.43 in 1977/78

**Table 5**

### PASO ROBLES UNION SCHOOL DISTRICT 1978/79 Assessed Valuation

| Tax Roll        | Taxable Assessed Valuation | Homeowners Exemptions | Business Inventory Exemptions | Assessed Valuation for Revenue Purposes |
|-----------------|----------------------------|-----------------------|-------------------------------|---|
| Secured .....   | \$49,905,113               | \$3,844,402           | \$1,776,488                   | \$55,526,003                            |
| Utility .....   | 5,638,970                  | —                     | —                             | 5,638,970                               |
| Unsecured ..... | 3,590,002                  | 2,800                 | 955,135                       | 4,547,937                               |
| Total .....     | \$59,134,085               | \$3,847,202           | \$2,731,623                   | \$65,712,910                            |

Source: San Luis Obispo County Auditor-Controller.



**Table 6**

**PASO ROBLES UNION SCHOOL DISTRICT**  
**Assessed Valuation by Tax Roll**

| Tax Roll        | 1973/74      | 1974/75      | 1975/76      | 1976/77      | 1977/78      |
|-----------------|--------------|--------------|--------------|--------------|--------------|
| Secured .....   | \$23,417,009 | \$24,953,712 | \$29,631,159 | \$30,894,645 | \$44,214,342 |
| Utility .....   | 2,978,018    | 2,912,380    | 2,969,600    | 3,448,595    | 4,466,990    |
| Unsecured ..... | 1,763,179    | 2,497,458    | 3,135,284    | 2,837,593    | 3,067,560    |
| Total① .....    | \$28,158,206 | \$30,363,550 | \$35,736,043 | \$37,180,833 | \$51,748,892 |

① Includes reimbursable exemptions.

Source: San Luis Obispo County Auditor-Controller.

to \$0.71 in 1978/79. The latter reflects the first-year effects of Proposition 13.

Because of Proposition 13 implementing legislation adopted by the State legislature, District revenues from taxes previously levied for General Non-Categorical purposes were replaced in the 1978/79 fiscal year by State surplus and General Fund appropriations and apportionments. This is reflected in the District's 1978/79 budget as shown on page 26.

As stated in the subsection of this Official Statement entitled "Implementing Legislation" beginning on page 9, the District cannot at this time estimate the amounts of State funds and local property tax revenues that it may receive in 1979/80 and subsequent fiscal years. There is also no assurance that the aforementioned State surplus revenues will continue to exist, or that they will be allocated to local governments after 1978/79.

There are 14 tax code areas in the District. In 1978/79, total tax rates per \$100 assessed valuation in these various code areas range from \$5.56 to \$5.96.

Tax Code Area 2-00 has a 1978/79 assessed valuation of \$33,063,413, representing approximately 56 percent of the District's current year assessed valuation. Total tax rates per \$100 assessed valuation in this code area for 1977/78 and 1978/79 are shown in Table 8 on page 23.

### **Tax Levies, Collections, and Delinquencies**

School District secured taxes appear on the same tax bill as county and city taxes, are payable in equal installments on November 1 and February 1, and become delinquent on December 10 and April 10 respectively. Taxes on properties appearing on the unsecured roll are assessed and payable on March 1 and become delinquent the following August 31. Table 9 on page 23 summarizes the general purpose secured tax levies and the amount and percentage of the current levy delinquent as of June 30 for the past five fiscal years. Also shown are total collections, including current year receipts and taxes collected for prior years.

**Table 7**

**PASO ROBLES UNION SCHOOL DISTRICT**  
**Property Tax Rates**

| Purpose                       | 1974/75 | 1975/76 | 1976/77 | 1977/78 | 1978/79 |
|-------------------------------|---------|---------|---------|---------|---------|
| General Non-Categorical ..... | \$1.39  | \$1.74  | \$2.13  | \$1.69  | \$ —    |
| Lease .....                   | —       | —       | —       | .69     | .71     |
| Other Categorical .....       | .16     | .13     | .18     | .05     | —       |
| Total .....                   | \$1.55  | \$1.87  | \$2.31  | \$2.43  | \$ .71  |

Source: San Luis Obispo County Auditor-Controller.

**Table 8****Tax Rate Area 2-00****Property Tax Rates**

|                                | 1977/78 | 1978/79 <sup>①</sup> |
|--------------------------------|---------|----------------------|
| County of San Luis Obispo ...  | \$ 2.63 | \$4.00               |
| City of Paso Robles Bonds .... | 2.39    | .40                  |
| Special Schools .....          | 1.20    |                      |
| Schools Areawide .....         | 1.13    |                      |
| High School General and Lease  | 2.70    | .72                  |
| Elementary School General and  |         |                      |
| Lease .....                    | 2.43    | .71                  |
| Special Districts .....        | .10     |                      |
| State Water Contract .....     |         | .04                  |
| Community College Bonds ....   |         | .09                  |
| Total .....                    | \$12.58 | \$5.96               |

① See the section of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 8.

Source: San Luis Obispo County Auditor-Controller.

**Largest Taxpayers**

The District's ten largest taxpayers are listed in Table 10. Their combined 1978/79 assessed valua-

tions account for slightly more than 25 percent of the District's total current year taxable assessed valuation. Two utilities, Pacific Telephone Co. and Pacific Gas and Electric Co., head the list. Tenneco West is a subsidiary of Tenneco Inc., the national multi-industry firm. The Six Corporation is currently developing Heritage Ranch, a planned community development. Estrella River Properties operates vineyards, a winery, and other agricultural properties a few miles east of Paso Robles.

**District Financial Records**

District financial transactions are recorded using a modified cash basis method of accounting. This is in accordance with policies and procedures of the California School Accounting Manual, 1976 edition. Expenditures for capital assets are considered expenses in the year of acquisition and are not reflected in ending fund balances.

Prior to 1977/78, the District followed a policy of accruing as a receivable approved funds under various federal projects which had not been received at year end. During 1977/78, this policy was changed to the cash basis method of recognition.

The County Office of Education performs certain accounting functions for the District and maintains various related records. Documents in support of disbursements are filed by the county auditor in the

**Table 9****PASO ROBLES UNION SCHOOL DISTRICT****Secured Tax Levy and Delinquency**

| Year Ending June 30 | Secured Levy | Delinquent as of June 30 | Percent Delinquent June 30 | Total Amount Collected <sup>①</sup> | Total Percent Collected <sup>②</sup> |
|---------------------|--------------|--------------------------|----------------------------|-------------------------------------|--------------------------------------|
| 1974 .....          | \$ 282,767   | \$ 9,899                 | 3.50%                      | \$ 292,719                          | 103.52%                              |
| 1975 .....          | 377,397      | 20,531                   | 5.44                       | 365,944                             | 96.97                                |
| 1976 .....          | 538,899      | 15,004                   | 2.78                       | 546,370                             | 101.39                               |
| 1977 .....          | 697,028      | 24,959                   | 3.58                       | 698,415                             | 100.20                               |
| 1978 .....          | 1,055,295    | 34,293                   | 3.25                       | 1,076,039                           | 101.97                               |

① Includes prior year taxes, plus interest and penalties.

② As percent of current secured levy.

Source: San Luis Obispo County Auditor-Controller and District audit reports.



**Table 10**  
**PASO ROBLES UNION SCHOOL DISTRICT**  
**Largest Taxpayers**

| Taxpayer                                       | Business          | 1978/79<br>Assessed<br>Value |
|--|-------------------|------------------------------|
| Pacific Telephone Co. ....                     | Utility           | \$3,238,790                  |
| Pacific Gas & Electric Co. ....                | Utility           | 2,914,370                    |
| Tenneco West Inc. ....                         | Almond processing | 2,080,038                    |
| Six Corporation ....                           | Land developer    | 1,590,077                    |
| CTS Keene Inc. ....                            | Manufacturer      | 1,444,647                    |
| Estrella River Prop. Ltd. ....                 | Agriculture       | 930,134                      |
| Monterey County Flood Control Water Dist. .... | Special district  | 897,709                      |
| Ennis Business Forms Inc. ....                 | Manufacturer      | 837,987                      |
| Mobil Oil Corporation ....                     | Pipeline          | 574,620                      |
| Continental Vintners ....                      | Vineyards         | 523,833                      |

Source: San Luis Obispo County Assessor.

county courthouse. Records pertaining to attendance, cafeteria operations, student body, revolving fund, cash collections, insurance, federal projects and board proceedings are maintained by the District.

### Fund Balances

Table 11 presents the balances in all District funds as of June 30 for the past five fiscal years.

### General Fund Income and Expenditures

Table 12 presents a five-year summary for fiscal years 1973/74 through 1977/78 of income and expenditures of the Paso Robles Union School District as reported in annual audits of the District. Also included in Table 12 is the annual expenditure budget and the annual variation of these budgets to actual expenditures.

**Table 11**  
**PASO ROBLES UNION SCHOOL DISTRICT**  
**Fund Balances as of June 30**

|   | 1974      | 1975      | 1976      | 1977      | 1978                 |
|---|-----------|-----------|-----------|-----------|----------------------|
| General Fund .....                      | \$159,712 | \$216,175 | \$218,329 | \$276,703 | \$405,838            |
| Child Development Fund .....            | 28,786    | 28,499    | 26,572    | 27,571    | 18,383               |
| Cafeteria Account .....                 | 17,371    | 18,285    | 27,223    | 34,413    | 47,658               |
| Special Reserve Fund .....              | 815       | 873       | 918       | 979       | 208,279 <sup>①</sup> |
| Student Body Account .....              | 517       | 574       | 964       | 471       | 299                  |
| Bond Interest and Redemption Fund ..... | 910       | —         | —         | —         | —                    |

① Project Phase I purposes.

Source: District audit reports.

Table 12

## PASO ROBLES UNION SCHOOL DISTRICT

## Summary of General Fund Income and Expenditures

|  | Fiscal Year |             |             |             |                        |
|--|-------------|-------------|-------------|-------------|------------------------|
|  | 1973/74     | 1974/75     | 1975/76     | 1976/77     | 1977/78                |
| Beginning Balance July 1 .....         | \$ 211,126  | \$ 157,090  | \$ 216,175  | \$ 218,329  | \$ 276,703             |
| Adjustment to Beginning Balance .....  | 9,715       | (4,930)     | (6,615)     | 11,770      | 20,502                 |
| Adjusted Balance .....                 | \$ 220,841  | \$ 152,160  | \$ 209,560  | \$ 230,099  | \$ 297,205             |
| Income:                                |             |             |             |             |                        |
| Federal Sources .....                  | \$ 124,558  | \$ 145,452  | \$ 115,204  | \$ 132,478  | \$ 126,567             |
| State Sources .....                    | 494,273     | 586,286     | 602,068     | 800,490     | 682,154                |
| County Sources .....                   | 54,997      | 81,302      | 93,186      | 65,165      | 113,526                |
| Local Sources .....                    | 663,658     | 796,521     | 1,071,354   | 1,230,265   | 1,813,370 <sup>②</sup> |
| Incoming Transfers .....               | 14,409      | 14,757      | 12,000      | 9,000       | 23,186                 |
| Subtotal .....                         | \$1,351,895 | \$1,624,318 | \$1,893,812 | \$2,237,398 | \$2,758,803            |
| Total Income Available .....           | \$1,572,736 | \$1,776,478 | \$2,103,372 | \$2,467,497 | \$3,056,008            |
| Expenditures <sup>①</sup> :            |             |             |             |             |                        |
| Certified Salaries .....               | \$          | \$ 929,616  | \$1,062,015 | \$1,216,879 | \$1,185,996            |
| Classified Salaries .....              |             | 204,246     | 238,104     | 290,883     | 318,031                |
| Employee Benefits .....                |             | 135,691     | 166,526     | 226,731     | 313,758                |
| Books, Supplies, Equipment Replacement |             | 80,232      | 106,193     | 114,848     | 145,055                |
| Contracted Services .....              |             | 128,722     | 145,476     | 167,007     | 285,898                |
| Administration .....                   | 44,142      |             |             |             |                        |
| Instruction .....                      | 1,002,294   |             |             |             |                        |
| Health Services .....                  | 5,665       |             |             |             |                        |
| Pupil Transportation .....             | 27,413      |             |             |             |                        |
| Operation of Plant .....               | 105,218     |             |             |             |                        |
| Maintenance of Plant .....             | 27,492      |             |             |             |                        |
| Fixed Charges .....                    | 152,505     |             |             |             |                        |
| Food Services .....                    | 3,521       | 21,020      | 34,404      | 11,507      | 3,876                  |
| Community Services .....               | 13,283      | 10,321      | 18,750      | 16,961      | 12,895                 |
| Capital Outlay .....                   | 12,058      | 13,959      | 70,659      | 93,837      | 36,297                 |
| Outgoing Transfers .....               | 19,433      | 36,496      | 42,916      | 52,141      | 3,436                  |
| Interfund, Other Transfers .....       |             |             |             |             | 344,928 <sup>③</sup>   |
| Total Expenditures .....               | \$1,413,024 | \$1,560,303 | \$1,885,043 | \$2,190,794 | \$2,650,170            |
| Revised Budget Expenditures .....      | N.A.        | \$1,611,585 | \$1,929,369 | \$2,382,194 | \$2,841,363            |
| Variance to Actual Expenditures .....  | N.A.        | 51,282      | 44,326      | 191,400     | 191,193                |
| Ending Balance June 30 .....           | \$ 159,712  | \$ 216,175  | \$ 218,329  | \$ 276,703  | \$ 405,838             |

① Beginning in 1974/75 all school districts in the State of California were required to follow accounting and financial reporting procedures in accordance with revenue source categories and classification object code prescribed by the California State Accounting Manual. Certain expenditure items for 1974/75 and later years cannot, therefore, be directly compared with prior years.

② Includes interfund transfer of \$1,002.

③ Includes \$314,471 transfer to the Special Reserve Fund for Project Phase I purposes.

Source: District audit reports for individual years.



## 1978/79 Budget

On June 24, 1978, the Governor approved Senate Bill 154 (Chapter 292, 1978 Statutes) which provided partial relief to local governmental entities from the difficulties brought about by the passage of Proposition 13. This bill, among other purposes, appropriated funds from the State General Fund:

A. to Section A of the State School Fund (said Fund provides for the funding of California school districts) in lieu of statutory prescribed appropriations for the 1978/79 fiscal year and

presents a method for computing the state support for school districts.

B. to various categorical aid programs operated by school districts.

On June 30, 1978, the Governor also approved Senate Bill 2212 (Chapter 332, 1978 Statutes) which made various technical and other changes in school finance provisions to comply with Chapter 292, 1978 Statutes.

State appropriations to the State School Fund and various categorical aid programs operated by school districts pursuant to Chapters 292 and 332, 1978 Statutes are applicable for fiscal year 1978/79 only. There is no guarantee that subsequent replacement of lost property tax revenue resulting from the passage of Proposition 13 will be made by the Legislature in any future fiscal year.

Table 13 shows a summary of the District's 1978/79 general fund budget.

**Table 13**

### PASO ROBLES UNION SCHOOL DISTRICT 1978/79 General Fund Budget

|  | 1978/79<br>Budget |
|--|-------------------|
| <b>Income:</b>   |                   |
| Adjusted Net Beginning Balance . . . .                     | \$ 402,838        |
| Federal Income . . . . .                                   | 127,573           |
| Combined Federal, State Income . . . .                     | 43,466            |
| State Income . . . . .                                     | 2,058,628         |
| County Income . . . . .                                    | 30,000            |
| Local Income . . . . .                                     | 475,652           |
| Incoming Transfers . . . . .                               | 25,000            |
| Total Available Income . . . . .                           | \$3,163,157       |
| <b>Expenditures:</b>                                       |                   |
| Certificated Salaries . . . . .                            | \$1,300,479       |
| Classified Salaries . . . . .                              | 358,867           |
| Employee Benefits . . . . .                                | 326,170           |
| Books, Supplies and Equipment Replacement . . . . .        | 130,938           |
| Contracted Services and Other Operating Expenses . . . . . | 307,821           |
| Sites, Buildings, Books, Media and New Equipment . . . . . | 22,786            |
| Other Outgo and Interfund Transfers .                      | 426,999           |
| Total Expenditures . . . . .                               | \$2,874,060       |
| Appropriations for Contingencies . . . . .                 | \$ 284,097        |
| Net Ending Balance . . . . .                               | \$ 5,000          |

Source: Annual Budget Report (Form J-41), July 1, 1978 to June 30, 1979, adopted by the governing board of Paso Robles Union School District on September 5, 1978.

## Direct and Estimated Overlapping Bonded Debt

As of the date of this Official Statement, the District has no general obligation bonded debt.

The State of California Education Code provides that an elementary school district shall not enter into any long term leases of buildings if the combination of: (a) 50 percent of the District's rental payments under such leases, plus (b) the outstanding district general obligation bonded indebtedness, exceeds 7.5 percent of the district's net taxable assessed valuation plus homeowners' and business inventories exemptions.

Based on the District's 1978/79 assessed valuation for this purpose (\$65,712,910) the 7.5 percent limit of anticipated lease rentals and general obligation bonded debt equals \$4,928,468. The maximum aggregate lease rental payable by the District under the Project Phase I Facility Lease includes (a) base rental of \$8,479,416 assuming the maximum permitted interest rate of 8 percent is bid on the Series of 1979 Bonds, and (b) additional rental not to exceed \$5,000 per year over the term of the Project Phase I Facility Lease, or \$110,000 in the aggregate. Fifty percent of the District's lease rentals (\$4,294,708) will approximate 87.1 percent of the District's general obligation bonded debt and lease rental limitation of \$4,928,468.

The direct and estimated overlapping bonded debt of the District is shown in Table 14. The \$3,925,000 principal amount of the Corporation's Series of 1979 Bonds is shown for informative purposes only since bonds of the Corporation are not a debt or obligation of the District.

## District Lease Obligations

Under a cost-sharing arrangement with the Paso Robles Joint Union High School District, the District has a lease obligation on a modular building for five years with annual payments of \$5,020. The District is paying \$7,865 annually over a four-year period for lease of a modular building.

## Pension Plans

Certificated personnel are covered by the State Teachers Retirement System (STRS), while classified personnel are enrolled in the Public Employees Retirement System (PERS). Under the latter plan, part-time personnel must work more than 50 percent of the work week to become eligible for retirement benefits. In fiscal 1977/78, the District's contribution to STRS was \$88,225 on certificated personnel salaries of \$1,185,996, and to the PERS plan \$25,826 on classified personnel salaries of \$321,855. In addition, the District paid \$15,478 to the Federal Social Security System on behalf of classified employees.

**Table 14**

### PASO ROBLES UNION SCHOOL DISTRICT

#### Statement of Direct and Estimated Overlapping Debt<sup>①</sup>

|                                  |                            |  |
|----------------------------------|----------------------------|--|
| Estimated Population .....       | 14,500                     |  |
| 1978/79 Assessed Valuation ..... | \$ 65,712,910              |  |
| Estimated Real Value .....       | \$262,851,000 <sup>②</sup> |  |

| Public Entity  | Percent<br>Applicable | Estimated Debt<br>Applicable<br>February 27,<br>1979 |
|--|-----------------------|--|
| San Luis Obispo County Community College District .....            | 7.275%                | \$ 834,806   |
| Paso Robles Joint Union High School District (lease-revenue) ..... | 75.751                | 6,345,000 <sup>③</sup>                               |
| Paso Robles Union School District (lease-revenue) .....            | 100.000               | 3,925,000 <sup>④</sup>                               |
| City of Paso Robles .....  | 100.000               | 1,015,000  |
| City of Paso Robles 1915 Act Bonds .....                           | 100.000               | 23,000   |
| <b>Total Direct and Estimated Overlapping Bonded Debt .....</b>    |                       | <b>\$12,142,806</b>                                  |

|   | Ratio to              |               |               |
|---|-----------------------|---------------|---------------|
|   | Assessed<br>Valuation | Real<br>Value | Per<br>Capita |
| Assessed Valuation .....  | —                     | —             | \$4,531       |
| Direct Debt <sup>③</sup> .....                                  | 5.97%                 | 1.49%         | 271           |
| Direct and Estimated Overlapping Bonded Debt <sup>④</sup> ..... | 18.48                 | 4.62          | 837           |

<sup>①</sup> Prepared in cooperation with California Municipal Statistics, Inc.

<sup>②</sup> Assumes 1978/79 assessed valuations are 25 percent of real value.

<sup>③</sup> The \$6,345,000 Series of 1979 Bonds of the Paso Robles Joint Union High School District Educational Facilities Corporation offered for sale on February 27, 1979 will not be a direct debt of the Paso Robles Joint Union High School District but are included herein for informational purposes only.

<sup>④</sup> The \$3,925,000 Series of 1979 Bonds of the Paso Robles Union School District Educational Facilities Corporation currently offered for sale will not be a direct debt of the Paso Robles Union School District but are included herein for informational purposes only.



The *State Teachers' Retirement System (STRS)* operates under provisions of the State Education Code. The system includes California public teachers from preschool through grade fourteen and certain other employees of the public school system. There were approximately 335,100 active and inactive members, 75,351 benefit recipients, and 1,149 participating agencies at June 30, 1978. Membership is mandatory for all certificated employees meeting the eligibility requirements.

The system is financed by earnings from investments and contributions from members, school districts, and the State of California, which pays \$144,300,000 annually to the year 2002, subject to annual legislative appropriation. Under present rules, members contribute eight percent of applicable earnings, and school districts contribute a percentage of applicable member earnings, rising to eight percent as of July 1, 1978. However, under legislation enacted in 1977, new increased rates, effective July 1, 1979, would result in total contributions of 21 percent of payroll after a five-year period. The employer rate would increase to 10 percent, and the State of California would contribute three percent, with the employee rate remaining at eight percent.

An actuarial valuation is performed every two years and an experience analysis every four years. Actuarial valuations of the system are based upon the entry-age-normal cost method, which is a projected benefit cost method wherein level normal cost rates (contributions) are computed sufficient to fund benefits over the entire service life of members. The system's financial statements are prepared on the accrual basis of accounting.

At June 30, 1978, the total unfunded obligation of the system was \$10,904,000, as determined by the independent actuary. This includes the present value of future State contributions provided by the State Teachers' Retirement Law (\$1,643,000,000). Comparable figures for June 30, 1977 were \$9,894,721,919 and \$1,666,000,000, respectively. In the opinion of the Chief Executive Officer for STRS, the additional contributions referred to above will not solve the funding problem.

The State Teachers' Retirement System's actuary is Milliman & Robertson, Inc., of San Francisco, California; Investment Counsel for equities is Scudder, Stevens & Clark, San Francisco, California; auditor is Coopers & Lybrand, Sacramento, California.

The *State Public Employees' Retirement System (PERS)* was originally established in 1931. As of June 30, 1977, there were 556,759 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are public agency personnel. As of June 30, 1977, the System provided retirement, death and survivor benefits under 979 contracts for 2,078 public agency employers (cities, counties, school districts, special districts and other public bodies) with 374,051 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Total assets of the System at June 30, 1977 were \$8,951,294,831 according to the annual audit. Of this amount, net assets of \$8,755,875,035 were available for benefits. The annual contribution by employers for the 1976/77 fiscal year was \$718,363,062. The annual contribution by employees for the 1976/77 fiscal year was \$312,725,614. The unfunded obligation of the System was determined to be \$7,417,304,677 at June 30, 1977 by the independent auditors.

The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being required no less than every four years under the Retirement Law. The method used is entry-age-normal cost, which is a projected benefit cost method wherein level employer normal cost rates, considering present member contributions, are calculated at amounts sufficient to fund benefits over the entire service life of members. Management Applied Programming, Inc., Los Angeles, California is reviewing the June 30, 1977 actuarial valuation prepared by the PERS staff.

Except for the pooling of certain miscellaneous public agency members, actuarial evaluations are performed for each participating employer, and the total accrued actuarial liability noted above is the sum of the individual employer accounts. According to the PERS annual report, public agency employer contribution rates set forth between each agency and PERS will meet all ongoing costs and fund the unfunded liability for each agency in accordance with the terms of each agency's contract.

The System's financial statements are prepared on an accrual basis of accounting. The System's auditor is Touche Ross & Co., San Francisco, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services:

## **Employer-Employee Relations**

Certificated personnel of the District may be members of the American Federation of Teachers or the California Teachers Association. At present there is no designated bargaining agent for certificated employees. The State Public Employment Relations Board is reviewing the matter of certificated employee representation. It is expected that an election will be held within the District in the near future, at which time a bargaining agent will be designated.

Classified personnel may participate in the California School Employees Association. Negotiations have been completed with the local unit of CSEA for a contract extending to July 1, 1979.

Salary schedules for all District employees have been maintained at the 1977/78 negotiated level, in accordance with Chapter 332, 1978 Statutes, which bars the use of any state surplus or loan funds to any local public agency which provides a cost of living wage or salary increase to employees or non-civil service officers in excess of such increases provided for state employees in the 1978/79 fiscal year. No such increases have been scheduled for state employees in 1978/79.

Effective July 1, 1976 provisions of the Rodda Act codified as Chapter 961 of the 1975 Statutes affects all school districts in California. In case of labor disputes, local grievance procedures may be operative (if established by contract), or both parties may agree to submit grievances to final and binding arbitration pursuant to rules adopted by the Educational Employment Relations Board, which administers the Act. The Act's provisions with respect to the rights, obligations, and unfair practices applicable to management and labor became effective April 1, 1976.

## **District Insurance Coverage**

The District's insurance agent, Paso Robles Insurance, Paso Robles, reports the District's schedule of insurance coverage as follows as of January 22, 1979:

### **Fireman's Fund Insurance Company**

Policy Period: July 1, 1978-July 1, 1981

Portfolio Policy

#### **Section I: Property**

\$3,974,175—Blanket coverage on buildings and equipment. 90% co-insurance subject to \$1,000 deductible per loss. Coverage includes Fire, Extended Coverage and Vandalism and Malicious Mischief.

#### **Section II: Comprehensive General Liability & Automobiles**

\$1,000,000 Combined Single Limit on Bodily Injury & Property Damage  
Automobile Physical Damage as scheduled  
Uninsured Motorist—\$15,000 each person, \$30,000 each accident

#### **Section III: School Property Floater**

\$9,895—Musical Instruments. 90% co-insurance subject to \$1,000 deductible per loss. All-risk coverage.

### **Fireman's Fund Insurance Company**

Policy Period: July 1, 1978-July 1, 1979

Excess Liability—\$2,000,000 Combined Single Limit on Bodily Injury and Property Damage

### **International Surplus Lines Insurance Company**

Policy Period: July 1, 1978-July 1, 1979

School Board Legal Liability—\$1,000,000 per loss subject to a \$1,000 retention per loss

### **Hartford Steam Boiler Inspection & Insurance Company**

Blanket coverage for heating boiler, pressure vessel and air conditioning. Loss is limited to \$25,000 per accident.

### **Fireman's Fund Insurance Company Bond**

Bond Period: July 1, 1978-July 1, 1979

Public School System Employees Blanket Bond—\$25,000; written jointly with the Paso Robles Joint Union High School District



# ECONOMY OF THE DISTRICT

The Paso Robles Union School District is located in northern San Luis Obispo County, approximately midway between San Francisco and Los Angeles on U.S. 101. It covers about 250 square miles of varied terrain, encompassing the City of Paso Robles and surrounding rural areas.

The District's economy is based on tourism, agriculture, and a gradually developing light manufacturing sector located in three industrial areas. Both population and housing are developing more rapidly in the District than in the county as a whole. Present population of the District is estimated at 14,500 persons. Approximately two-thirds of all District residents live in the City of Paso Robles, third largest city in San Luis Obispo County.

## Population and Housing

After a period of substantial population growth in the forties, Paso Robles fell below the countywide growth rate in the next two decades, as reflected in the summary of census data shown in Table 15 below. However, recent data indicate that Paso Robles is again above the county growth rate.

Between mid-1977 and mid-1978, the District's population increased 9.3 percent, compared with a 5.2 rate of gain throughout the county. Similarly, the number of District housing units grew 9.7 percent during the same period while the countywide increase was 5.4 percent. The tabulation on page 31 presents data for 1970, 1977 and 1978, as reported by the County Planning Department.

## City of Paso Robles

The City of Paso Robles covers approximately 12 square miles at the southern end of the rich Salinas Valley. It is situated on U.S. 101, about 17 air miles inland from the Pacific Ocean, 205 miles south of San Francisco, and 220 miles north of Los Angeles. At an elevation of 720 feet, Paso Robles is protected by the Santa Lucia Range and has a moderate, fog-free climate with warm, dry days and cool nights. Average annual rainfall is about 15 inches.

## Municipal Government

Paso Robles was incorporated March 11, 1889. It is a general law city with the Council-Manager form of government. A five-member City Council appoints the City Manager, who is responsible for the administration of day-to-day municipal affairs. The city has 82 employees.

The Police Department consists of a chief, a lieutenant, three sergeants, eight patrolmen, one detective, one parking officer, a clerk and three

Table 15

## CITY OF PASO ROBLES

### Population Census Data

| Year       | City of<br>Paso Robles | Percent<br>Change | County of<br>San Luis Obispo | Percent<br>Change |
|------------|------------------------|-------------------|------------------------------|-------------------|
| 1940 ..... | 3,045                  | —                 | 33,246                       | —                 |
| 1950 ..... | 4,835                  | 58.8%             | 51,417                       | 54.7%             |
| 1960 ..... | 6,677                  | 38.1              | 81,044                       | 57.6              |
| 1970 ..... | 7,168                  | 7.4               | 105,690                      | 30.4              |

Source: U.S. Census Bureau.

## PASO ROBLES UNION SCHOOL DISTRICT

### Population and Housing

|                         | 1970 <sup>①</sup> | 1977 <sup>②</sup> | 1978 <sup>②</sup> | Percent<br>Change<br>1977-78 |
|-------------------------|-------------------|-------------------|-------------------|------------------------------|
| Population:             |                   |                   |                   |                              |
| Paso Robles City .....  | 7,168             | 8,030             | 8,758             | 9.07%                        |
| Paso Robles Rural ..... | 3,684             | 4,243             | 4,656             | 9.73                         |
| Total .....             | 10,852            | 12,273            | 13,414            | 9.30                         |
| Housing Units:          |                   |                   |                   |                              |
| Paso Robles City .....  | 2,660             | 3,278             | 3,574             | 9.03                         |
| Paso Robles Rural ..... | 1,313             | 1,537             | 1,708             | 11.13                        |
|                         | 3,973             | 4,815             | 5,282             | 9.70                         |

① April 1970 U.S. Census.

② July estimates by County Planning Department.

dispatchers. The department has five radio equipped patrol cars. A new police department building and jail was completed in January, 1967.

The Fire Department is staffed by a chief, an assistant chief, a fire prevention officer, and 50 volunteers. Housed in three stations, the department is equipped with four firstline combination pumpers, a small pumper, an airport crash truck, a rescue truck and two brush trucks.

Paso Robles owns and operates its own water system. The city's water system is supplied by wells, has a maximum pumping capacity of 6.25 m.g.d. with an average consumption of 2.00 m.g.d. and includes two 4,000,000 gallon and one 500,000 gallon reservoirs.

The city's Waste Water Treatment Plant is modern and has a capacity of 3 m.g.d and a peak flow of 1.4 m.g.d. A \$1,005,000 waste water plant improvement bond election was passed in October, 1969. The new plant has been in operation since late 1971.

### Employment

The District is part of the San Luis Obispo Labor Market (San Luis Obispo County), surveyed periodically by the State Department of Employment Development.

Approximately one-fourth of all wage and salary workers in this labor market are employed by government agencies, with local government and state government predominant. Other principal employment categories are retail trade and personal services. Manufacturing, construction, transportation and utilities, and agriculture are important sources of employment (see upper tabulation on page 32). The lower tabulation on page 32 provides a breakdown of employment and payrolls by industry, based on payroll withholding information for the third quarter of 1977 as provided by local employers.

As of November 1978, the county's labor force was 57,400, total employment was 54,800, and unemployment was 2,600. The unemployment rate dropped from 6.4% in November 1977 to 4.5% in November 1978. Total wage and salary employment of 45,450 represented an increase of 2,150 jobs from the previous November.

Trade, services, and finance-related occupations have been the most rapidly growing categories of employment in recent years, in part reflecting the steadily increasing importance of visitor and vacation travel in the area. Between 1974 and 1977, employment in trade increased 27 percent, while services-oriented jobs expanded 23 percent.

Although smaller in total number of jobs, the finance-insurance-real estate category gained over 42 percent during this period.



**SAN LUIS OBISPO COUNTY**  
**Labor Force and Employment**  
**Annual Averages**

|   | 1974   | 1975   | 1976   | 1977   |
|---|--------|--------|--------|--------|
| Labor Force .....                       | 45,450 | 46,800 | 49,750 | 53,100 |
| Employment .....                        | 42,550 | 43,400 | 46,200 | 49,500 |
| Unemployment .....                      | 2,900  | 3,400  | 3,550  | 3,600  |
| Unemployment Rate .....                 | 6.4%   | 7.3%   | 7.1%   | 6.8%   |
| Wage and Salary Employment:             |        |        |        |        |
| Manufacturing .....                     | 2,000  | 1,800  | 2,050  | 2,350  |
| Mining .....                            | 100    | 100    | 100    | 100    |
| Construction .....                      | 2,300  | 2,450  | 2,600  | 2,700  |
| Transportation, Utilities .....         | 2,300  | 2,100  | 2,350  | 2,650  |
| Wholesale Trade .....                   | 1,100  | 1,150  | 1,200  | 1,300  |
| Retail Trade .....                      | 7,600  | 8,350  | 8,900  | 9,650  |
| Financial, Insurance, Real Estate ..... | 1,050  | 1,050  | 1,250  | 1,500  |
| Services .....                          | 5,900  | 6,300  | 6,750  | 7,250  |
| Government, Federal .....               | 600    | 600    | 600    | 650    |
| Government, State and Local .....       | 10,350 | 10,750 | 11,150 | 11,950 |
| Agriculture .....                       | 1,750  | 1,850  | 1,900  | 1,750  |
| Total .....                             | 35,050 | 36,500 | 38,850 | 41,850 |

Source: State Employment Development Department.

**SAN LUIS OBISPO COUNTY**  
**Employment and Payrolls**  
**Third Quarter 1977**

| Industry                               | No. of<br>Employers <sup>①</sup> | No. of<br>Employees <sup>②</sup> | Quarterly<br>Wages <sup>①</sup> |
|--|----------------------------------|----------------------------------|---------------------------------|
| Agriculture, Forestry, Fisheries ..... | 333                              | 2,152                            | \$ 4,188,343                    |
| Mineral Extraction .....               | 10                               | 134                              | 511,595                         |
| Construction .....                     | 439                              | 2,899                            | 8,931,800                       |
| Manufacturing .....                    | 94                               | 2,506                            | 6,160,931                       |
| Transportation, Public Utilities ..... | 86                               | 2,544                            | 9,635,636                       |
| Wholesale Trade .....                  | 118                              | 1,393                            | 3,177,534                       |
| Retail Trade .....                     | 903                              | 9,613                            | 15,282,765                      |
| Finance, Insurance, Real Estate .....  | 152                              | 1,415                            | 3,217,891                       |
| Services .....                         | 792                              | 7,168                            | 12,902,817                      |
| Federal Government .....               | 13                               | 577                              | 2,334,123                       |
| State Government .....                 | 395                              | 4,838                            | 26,938,734                      |
| Local Government .....                 | 40                               | 5,734                            | 12,720,239                      |
| Other .....                            | 19                               | 76                               | 98,349                          |
| Total .....                            | 3,394 <sup>③</sup>               | 41,049                           | \$106,100,757                   |

① Third quarter 1977.

② September 1977.

③ All employers reporting payroll withholding information for the period shown.

Source: State Employment Development Department.

As previously noted, government is the largest category of employment in San Luis Obispo County, due primarily to the presence of four state facilities, California Polytechnic State University, Atascadero State Hospital, California Mens Colony and El Paso de Robles School for boys. Employment by the Federal government constitutes a minor portion of total government employment in the county.

An estimate of government employment in San Luis Obispo County is presented below, based on data supplied by the County, the State of California Employment Development Department, the State Personnel Board and specific governmental agencies within the county.

## SAN LUIS OBISPO COUNTY

### Distribution of Governmental Employment

|   |        |
|---|--------|
| California Polytechnic State University . . . . | 2,000  |
| California Mens Colony . . . . .                | 620    |
| Atascadero State Hospital . . . . .             | 1,100  |
| El Paso de Robles School . . . . .              | 450    |
| Other State Employees . . . . .                 | 670    |
| All Federal Government . . . . .                | 600    |
| County Employees . . . . .                      | 1,700  |
| City, School and Other Local Agencies . . . .   | 4,000  |
| Total . . . . .                                 | 11,140 |

California Polytechnic State University, San Luis Obispo, was established as a statewide rather than a regional school. Its students are drawn from all counties of California. The University is described more fully under "Education" (page 37).

*California Mens Colony:* The California Mens Colony at San Luis Obispo, an institution of the Department of Corrections, is the second largest penal institution in the state and the sixth largest in the nation. The West Facility, a minimum security institution, was established in 1954 to house 1,400 older offenders. The East Facility, completed in 1961, is a medium security institution designed to house 2,400 inmates. Total employment is approximately 620.

The educational program at California Mens Colony is designed to provide both academic upgrading and vocational competence for inmates who have the necessary aptitudes, skills and interest. Academic training is provided for men from illiteracy level up to the completion of high school with some correspondence work carried on at the university level.

Vocational training courses are offered in 14 major trades. Approximately 45 percent of the Mens Colony inmates participate in the educational program.

*El Paso de Robles School:* The El Paso de Robles School for boys, operated by the California Youth Authority Department, was opened in a temporary building in 1947, and its present facilities, situated adjacent to the Paso Robles Airport, date from 1954. Employment at the school is approximately 450, including part-time employees. There are over 400 wards ranging in age from 15 to 18 years of age. All wards attend academic school one-half day and are assigned to a pre-vocational trade for half a day.

*Atascadero State Hospital:* One of eleven hospitals operated by the California Department of Health, Atascadero is unique in that it is a maximum security hospital providing treatment for the criminally insane and mentally ill offenders who have been committed as a therapeutic alternative to jail or prison. With approximately 1,500 patients under the care of 1,100 employees, the hospital's payroll is the largest in the North County area.

## Industry

Largest employers in the District are El Paso de Robles School and CTS Keene, Inc. (described below), both with over 400 employees. The District's principal industrial employers are listed on page 34. Elsewhere in the county major non-government employers include Pacific Gas and Electric Company (over 800 employees), Pacific Telephone Company (over 500 employees), French Hospital in San Luis Obispo (450 employees), and Vidar Corporation at San Luis Obispo (430 employees). Vidar, a division of TRW Inc., produces telecommunications equipment and electronics components.

There are 22 manufacturing or assembly plants in the Paso Robles area. Leading group classes of products are electronic components, printed business forms, food processing, boat production, metal fabrication, and machinery. Due to its central location between San Francisco and Los Angeles, Paso Robles is attracting increasing industrial interest as a distribution point for California and western markets.

CTS Keene, Inc., the District's largest industrial employer, manufactures electronic components, selector switches, variable resistors, and metal display fixtures. The firm recently announced plans for expansion of its local plant. Another local firm plan-



## PASO ROBLES UNION SCHOOL DISTRICT

### Largest Industrial Employers

| Firm                                     | Product/Service           | No. of Employees |
|--|---------------------------|------------------|
| CTS Keene, Inc. ....                     | Electronics and shelving  | 490              |
| Tenneco West ....                        | Almond processing         | 200              |
| Ennis Business Forms, Inc. ....          | Printed forms             | 160              |
| Beckman Instruments ....                 | Electronics               | 115              |
| Wilkins Regulators (Zurn) ....           | Water regulators          | 60               |
| Thunderbird Products Corp. ....          | Boats                     | 50               |
| Pacific Gas and Electric Company ....    | Electricity services      | 49               |
| Pacific Telephone and Telegraph Co. .... | Telephone services        | 45               |
| Port-A-Port West ....                    | Metal hangars             | 35               |
| Saunders Systems ....                    | Heating, air conditioning | 35               |
| Palla Equipment, Inc. ....               | Machinery                 | 25               |

Source: Paso Robles Chamber of Commerce.

ning to enlarge capacity is Thunderbird Products, a producer of fiberglass boats. Beckman Instruments recently moved from an in-town location to Sherwood Industrial Park, doubling the size of its manufacturing space.

A master plan for the industrial development of approximately 1,000 acres adjoining the Paso Robles Airport has been completed. The acreage is suitable for air cargo facilities, research and development, and both light and heavy industry. Highway and air transportation facilities, necessary utilities, and substantial quantities of water are available at the site, located 3½ miles northeast of Paso Robles.

### Commercial Activity

Paso Robles is the principal trade center serving an estimated population of 40,000 in northern San Luis Obispo County and southern Monterey County. In the past five years 79 new establishments have reported taxable transactions, including 31 new retail outlets. Taxable sales in Paso Robles for the second quarter of 1978 (latest data available) were 24.2 percent over the comparable 1977 quarter compared with a gain of 9.2 percent in the City of San Luis Obispo. Taxable transactions in Paso Robles since 1973 are shown below.

## CITY OF PASO ROBLES

### Taxable Transactions

(Dollars in Thousands)

|                       | Retail Outlets |              | All Outlets |              |
|-----------------------|----------------|--------------|-------------|--------------|
|                       | Permits        | Transactions | Permits     | Transactions |
| 1973 .....            | 141            | \$31,219     | 282         | \$34,107     |
| 1974 .....            | 145            | 35,637       | 283         | 39,217       |
| 1975 .....            | 147            | 41,134       | 293         | 44,397       |
| 1976 .....            | 153            | 44,898       | 306         | 49,209       |
| 1977 .....            | 164            | 50,551       | 333         | 55,974       |
| 1978 (6 months) ..... | 172            | 27,876       | 361         | 31,427       |

Source: State Board of Equalization.

## Construction Activity

Building permit valuation in Paso Robles has accelerated markedly in the past two years. This is true of both residential and nonresidential construction, as shown below in the summary of building permit values and number of new housing units since 1974. During this five-year period, the city issued building permits valued at more than \$32 million, including 786 housing units. About 57 percent of the housing units were single family dwellings.

A report of subdivision activity issued by the City Building Department in November 1978 disclosed total approved permits for 1,562 lots, with 293 housing units completed or under construction on these lots. The largest developers are identified in the tabulation at the bottom of this page.

The City Planning Department has examined the potential for residential development in Paso Robles, considering projects now going through the approval process, the holding capacity of vacant land,

### CITY OF PASO ROBLES

#### Building Permit Valuations and New Dwelling Units

(Thousands of Dollars)

|                               | 1974    | 1975    | 1976    | 1977    | 1978     |
|-------------------------------|---------|---------|---------|---------|----------|
| Residential .....             | \$1,844 | \$2,701 | \$2,644 | \$6,899 | \$ 9,439 |
| Nonresidential .....          | 884     | 393     | 1,702   | 2,438   | 3,574    |
| Total Value .....             | \$2,728 | \$3,094 | \$4,346 | \$9,337 | \$13,013 |
| Number of New Dwelling Units: |         |         |         |         |          |
| Single .....                  | 54      | 54      | 36      | 117     | 185      |
| Multiple .....                | 26      | 61      | 74      | 105     | 74       |
| Total Units .....             | 80      | 115     | 110     | 222     | 259      |

Source: City of Paso Robles Building Department and Security Pacific National Bank.

### CITY OF PASO ROBLES

#### Principal Developers

As of November 1978

| Tract Name                                    | Developer            | Approved Lots | Units Completed or Under Construction |
|---|----------------------|---------------|---------------------------------------|
| Sierra Bonita II et al. ....                  | Bonita Homes, Inc.   | 415           | 56                                    |
| Maple Heights .....                           | Maple Heights Assoc. | 103           | —                                     |
| Casa Robles .....                             | Lenco Dev. Co.       | 94            | 31                                    |
| Not available .....                           | Geo. C. Page         | 170           | —                                     |
| Sunrise Village .....                         | Lazzco, Inc.         | 88            | 3                                     |
| Not available .....                           | Walter Bros. Constr. | 86            | —                                     |
| Ridgeview Terrace I .....                     | Roger Himovitz       | 68            | 68                                    |
| Not available .....                           | VIP Future Corp.     | 63            | —                                     |
| Paso Robles Golf and Country Club et al. .... | Bordonaro/Williams   | 66            | 45                                    |

Source: City Building Department.



and pending annexations. Assuming these potential projects were to be carried out and fully developed, the city would have approximately 12,600 housing units and a population exceeding 31,000. However, capacity of the city's sewage treatment plant would have to be enlarged considerably to accommodate an expansion of this magnitude.

## Agriculture

Agriculture is an important component of the economy of both the city and San Luis Obispo County. Principal agricultural products in the Paso Robles area include beef and dairy cattle, chickens, turkeys, sheep, horses, grain, hay, fruits, nuts, grapes, and sugar beets. The nearby Carissa Plains area is the largest wheat producing area in the State of California. There are also new almond and walnut orchards and grape vineyards in the area. The Glenbrook Apple Orchards have over 200 varieties of apples and have expanded from the York Mountain area to the Creston Road area about 6 miles south-east of Paso Robles.

Grapes of excellent quality have been grown in the area for years. The Pesenti, Rotta and York Mountain Wineries are located southwest of Paso Robles and the Hoffman Winery is located just west of Paso Robles. Two large vineyards were planted east of Paso Robles off Highway 46 in the mid 1970's. The Estrella Winery is now producing premium wines under that label, and Continental Vintners plans to construct a winery to process grapes from vines that are approaching maturity.

Agriculture in San Luis Obispo County is further discussed in the section entitled "County of San Luis Obispo" (page 40).

## Utilities

Electric power, natural gas and telephone service throughout the District are provided by Pacific Gas and Electric Company, Southern California Gas Company and Pacific Telephone Company, respectively.

Water is served to individual water users by a multiplicity of purveyors, including the City of Paso Robles. For the more rural areas, private wells are prevalent. Growth in utility connections for the Paso Robles service area is shown in the tabulation below.

## Transportation

The District is traversed by one of the state's major north-south highways, U.S. 101. This highway has been improved to a freeway for its entire length within the county. Paso Robles is also the junction point for State Route 46 from the Pacific Ocean and the San Joaquin Valley. The new Highway 46 west to Highway 1 was opened in 1974. Fresno and Bakersfield are 105 miles east of Paso Robles and the coast is approximately 20 highway miles west of town. Seventy miles to the east is Interstate Highway 5.

Greyhound Bus Lines maintains a depot in Paso Robles. The Orange Belt Line provides service over State Routes 46 and 41, and into the San Joaquin Valley.

The Southern Pacific Railroad provides freight service to the District and has AMTRAK service at San Luis Obispo. Six interstate motor carriers offer daily overnight service to Los Angeles, San Francisco, and the San Joaquin Valley.

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## PASO ROBLES SERVICE AREA

### Utility Connections

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|                          | 1950  | 1960  | 1970  | 1976   | 1978   |
|--------------------------|-------|-------|-------|--------|--------|
| Water Connections .....  | 1,633 | 2,010 | 2,445 | 2,860  | 2,970  |
| Electric Meters .....    | 1,326 | 2,543 | 2,567 | 15,530 | 17,200 |
| Natural Gas Meters ..... | —     | —     | —     | 2,952  | 3,147  |
| Telephones .....         | 2,444 | 4,440 | —     | 10,117 | 14,127 |

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Source: Paso Robles Chamber of Commerce.

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Managed and operated by the City of Paso Robles, the Paso Robles Municipal Airport is located 3.5 miles northeast of the city. The airport has two hard-surfaced runways—one 6,000 feet and the other 4,700 feet in length, and is served by Swift Aire Lines, Inc. Subject to the approval of the State Public Utilities Commission, this service will be assumed by Golden Carriage Air as of March 1979. Charter flight services, aircraft and car rentals, and maintenance service are available at the airport. Eagle Aviation serves the area out of Los Angeles with freight and passenger facilities.

## Education

In addition to the Paso Robles public schools, there are four parochial or private schools in the District with a combined enrollment of approximately 370.

Higher education is available at Cuesta College and California State Polytechnic University, both within a 40-minute drive of the District.

Cuesta College, situated south of Highway 1 between San Luis Obispo and Morro Bay, is a two-year community college offering a total of approximately 200 courses. About half are applicable to transfer of credit to other institutions, one-fourth are applicable to both transfer and vocational, and the remaining one-fourth are purely vocational. Vocational courses include nursing, secretarial, business management and practices, real estate, electronics, journalism, law enforcement and penology. Courses on law enforcement and penology are especially relevant to the community because of the proximity of the California Mens Colony and Atascadero State Hospital, two major employers in San Luis Obispo County. Cuesta College enrolled 1,903 full-time students and had a total enrollment of 5,263 in the 1977/78 academic year.

California Polytechnic State University occupies an academic campus of 374 acres immediately north of the San Luis Obispo city limits. Surrounding this campus are an additional 4,795 acres of campus land devoted to farming and other types of outdoor laboratory and field study activities.

Cal Poly, as it is informally known, is noted for its excellence in such applied fields as agriculture, engineering, architecture, business-home economics, and the closely related supporting fields of natural, physical, and social sciences and mathematics. Seven schools offer 57 different bachelor degree programs and four award the master's degree. Cal Poly is

reported to have the largest enrollment of architectural students and the largest undergraduate enrollment in agriculture in the United States. Total enrollment in the fall of 1977 was 15,502, including 13,048 students enrolled full-time. Faculty and staff number approximately 2,000.

## Community Facilities and Recreation

Twin Cities Community Hospital, located between Paso Robles and Atascadero, opened in February 1977. It is a modern 84-bed acute care general hospital operated by National Medical Enterprises, Inc. The hospital has advanced capabilities for numerous medical care services, including emergency, surgical, orthopedic, respiratory therapy, physical therapy, obstetrics, intensive care and coronary care. An adjacent medical plaza was completed in 1978, housing a pharmacy and offices for various medical specialists.

Bank of America, Crocker National Bank, Mid-State Bank, and Security Pacific National Bank have branches in the District. Financial facilities are also provided by Century Federal Savings and Loan, Mission Federal Savings and Loan, San Luis Obispo Production Credit Association, California Federal Savings and Loan, and the Federal Land Bank.

The Paso Robles City Library subscribes to over 80 periodicals, and has a collection of over 30,000 volumes in the main building located in Paso Robles City Park. As of November, 1978 there were 10,000 registered library patrons.

The San Luis Obispo County Fairgrounds, located in Paso Robles, is the site of many civic, social and recreational events, including public dances, political rallies, art shows, horse and dog shows, and Pioneer Day gymkhana events. Facilities include four large air-conditioned buildings, a grandstand, rodeo arena, livestock exhibition buildings, a race track, and various training aids.

The Paso Robles Daily Press, published five times a week, has a circulation of approximately 4,100. The District is also served by the weekly Paso Robles Country News. The San Luis Obispo Telegram-Tribune is the county's daily evening newspaper. Radio stations KPRL and KPRA-FM broadcast from Paso Robles.

The city maintains a large regional park, five playgrounds, and a municipal swimming pool. Other facilities include the Paso Robles Golf and Country Club, which has a championship 18-hole golf course and a modern clubhouse. Organized recreational ac-



tivities include little league baseball, youth league basketball and football, mid-team baseball, adult softball and basketball plus swimming programs for all ages. There are eight public tennis courts. Fraternal and service organizations include most of the well-known organizations plus a community concert group, a little theatre group, senior citizens and retired groups, square dancing, art groups, equestrian groups and many others.

Nacimiento Lake, 17 miles northwest of Paso Robles, has 165 miles of shoreline with water-skiing, fishing, picnicking and camping among the prime attractions. It has a total surface of 5,380 acres. Facilities include a marina, boat rentals, boat and tackle shop, waterskiing equipment, restaurant, cocktail lounge, swimming pool, playground and other attractions.

Approximately 15 miles north of Lake Nacimiento, San Antonio Lake has a capacity of 350,000 acre feet and is 18 miles long. There are 463 regular campsites, 100 of which have electricity, sewer and water hookups. Facilities include a restaurant, Laundromat, game room, boat and motor rentals, marina (wet and dry storage), trailer rentals and other equipment.

Santa Margarita Lake is 25 miles southwest of Paso Robles. Winding through wooded mountain canyons for nearly 10 miles, this beautiful lake is noted for its excellent fishing facilities.

All three lakes feature year-round boating and fishing activities. Winter climates are generally acceptable for waterskiing (except for Santa Margarita Lake) and boating when many other waters in the State of California are too cold.

# COUNTY OF SAN LUIS OBISPO

Mission San Luis Obispo de Tolosa, fifth in the chain of 21 California missions, was founded in September 1772 by Padre Junipero Serra on the site of the present City of San Luis Obispo. It forms part of that city's present-day Mission Plaza. The county, taking its name from the Mission, was incorporated February 18, 1850 as one of the original 27 counties of California.

The county lies about halfway between Los Angeles and San Francisco. It includes coast, mountains and valleys between Monterey County on the north and Santa Barbara County on the south where the Santa Maria and Cuyama rivers form the boundary. Kern County lies to the east. The Pacific Ocean on the west gives the county 87 miles of coastline. The Santa Lucia Range dominates the western half of the County; the eastern boundary lies along the Temblor Range.

Total area of the county is 3,326.2 square miles, including 10.2 square miles of water. Of the 2,122,240 acres of land area, 1,553,126 are in farms. The coastal and inland mountain ranges border a natural and extremely fertile valley extending from Santa Margarita north into Monterey County. This valley region embraces the greater part of the County's acreage under agricultural cultivation.

## County Government and Cities

San Luis Obispo is a general law county governed by a five-member Board of Supervisors, who appoint a County Administrative Officer to administer daily affairs. There are thirteen elected officials, including the County Superintendent of Schools. The county has over 1,600 employees.

The six cities in the county, with January 1, 1978 population estimates, are: San Luis Obispo (34,100), the county seat, Arroyo Grande (10,200), Morro Bay (8,625), El Paso de Robles (8,200), Grover City (7,900), and Pismo Beach (4,970).

## Population

Population growth in the county has been moderate and steady, although higher than that of the State of California. Expansion has continued in the seventies, as reflected in the tabulation below.

## Taxable Transactions

Taxable sales in the county for 1977 exceeded \$683 million dollars, as shown below.

### SAN LUIS OBISPO COUNTY

#### Business Permits and Taxable Transactions

| Year       | No. of Permits | Transactions in Thousands |
|------------|----------------|---------------------------|
| 1973 ..... | 3,523          | \$292,853                 |
| 1974 ..... | 3,720          | 322,252                   |
| 1975 ..... | 3,951          | 363,100                   |
| 1976 ..... | 4,199          | 459,790                   |
| 1977 ..... | 4,714          | 683,626                   |

Source: State Board of Equalization.

### SAN LUIS OBISPO COUNTY AND STATE OF CALIFORNIA

#### Population Growth

| Year       | San Luis Obispo County | Percent Change | State of California | Percent Change |
|------------|------------------------|----------------|---------------------|----------------|
| 1940 ..... | 33,246                 | —              | 6,907,387           | —              |
| 1950 ..... | 51,417                 | 54.7%          | 10,586,223          | 53.3%          |
| 1960 ..... | 81,044                 | 57.6           | 15,717,204          | 48.5           |
| 1970 ..... | 105,690                | 30.4           | 19,953,134          | 27.0           |
| 1978 ..... | 140,000                | 32.5           | 22,297,000          | 11.7           |

Source: U.S. Census Bureau, except July 1, 1978 estimates by State Department of Finance.



## Construction

Building permit valuation throughout the county totaled \$137,294,000 in 1977, a thirty percent gain over the previous year. The number of housing units increased by more than one-third. Building permit valuations from 1974 through November 1978 are shown in the tabulation below.

## Mineral Production

In 1976 San Luis Obispo County had 253 producing oil wells, which yielded 1,373,127 barrels of oil. Natural gas from associated oil zones produced during the year amounted to 862,952 Mcf.

The Union Oil Company refinery located at Nipomo Mesa, in the southern part of the County, produces petroleum products and derivatives. Approximately 240,000 tons of petroleum coke is yielded each year and asphalt and sulfur are also produced. Some of the coke is used by a subsidiary at the refinery to produce electrodes.

## Agriculture

The gross value of agricultural production in San Luis Obispo County exceeds \$90 million annually. Principal products of the County are vegetables, livestock, poultry and field crops. The year-round nature of the livestock and poultry industry and the intensive cultivation and long growing season that is characteristic of vegetable production provide a high degree of stability to agricultural employment.

Generally, livestock and poultry production is associated with the northern portion of the County with its gently rolling terrain, pastures and large plantings of various feed and grain crops.

The fertile Arroyo Grande Valley of southern San Luis Obispo County and northern Santa Barbara County is noted for the wide variety of vegetables it produces. A long growing season and triple cropping, on a rotation basis of such vegetables as broccoli, celery and lettuce, results in an average income per acre of over \$2,100. A five-year summary of the dollar value of farm production in San Luis Obispo County is shown in the tabulation on page 41.

## SAN LUIS OBISPO COUNTY

### Value of Building Permits

(Dollars in Thousands)

|                                 | 1974     | 1975     | 1976      | 1977      | 1978<br>(11 Mos.) |
|---------------------------------|----------|----------|-----------|-----------|-------------------|
| Residential:                    |          |          |           |           |                   |
| New units .....                 | \$34,069 | \$61,604 | \$ 85,820 | \$109,250 | \$ 93,192         |
| Alterations and additions ..... | 2,482    | 3,280    | 4,337     | 5,534     | 5,546             |
| Subtotal .....                  | \$36,551 | \$64,884 | \$ 90,157 | \$114,784 | \$ 98,738         |
| Non-residential:                |          |          |           |           |                   |
| New construction .....          | \$ 5,222 | \$12,998 | \$ 13,902 | \$ 20,303 | \$ 21,803         |
| Alterations and additions ..... | 1,641    | 1,382    | 1,658     | 2,207     | 2,491             |
| Subtotal .....                  | \$ 6,863 | \$14,380 | \$ 15,560 | \$ 22,510 | \$ 24,294         |
| Total valuation .....           | \$43,414 | \$79,264 | \$105,717 | \$137,294 | \$123,032         |
| Number of dwelling units:       |          |          |           |           |                   |
| Single-family .....             | 1,130    | 1,523    | 1,887     | 2,252     | 1,731             |
| Multi-family .....              | 342      | 543      | 723       | 1,241     | 564               |
| Total units .....               | 1,472    | 2,066    | 2,610     | 3,493     | 2,295             |

Source: "California Construction Trends", Security Pacific National Bank.

## SAN LUIS OBISPO COUNTY

### Five Year Summary of Agricultural Production (Thousands of Dollars)

| Commodity                        | 1973     | 1974     | 1975     | 1976     | 1977     |
|----------------------------------|----------|----------|----------|----------|----------|
| Livestock and related .....      | \$33,200 | \$25,840 | \$27,830 | \$26,034 | \$28,410 |
| Field crops .....                | 15,881   | 23,377   | 24,830   | 19,554   | 12,457   |
| Fruit, nuts, seed, nursery ..... | 4,608    | 6,895    | 6,959    | 12,654   | 8,289    |
| Vegetables .....                 | 27,984   | 28,256   | 31,214   | 35,000   | 43,587   |
| Total Valuation .....            | \$81,673 | \$84,368 | \$90,833 | \$93,242 | \$92,743 |

Source: County Agricultural Commissioner.

## Power Generation

One of the largest power generating installations in the Pacific Gas and Electric system is located at Morro Bay, southwest of the District on the coast. Built in 1956, the plant's steam generator can supply up to 1,030 megawatts of electric power. The main building is ten stories tall, and there are three 450-foot tall smokestacks.

PG & E is building one of the largest nuclear power stations in the United States at Diablo Canyon, located seven miles north of Port San Luis (Avila Beach) along the coast. The project is the fourth largest construction undertaking in California, requiring 2,200 workers during peak construction, and will cost \$1.41 billion when completed. The 1977/78 assessed valuation of the facility is \$147,746,550. Two units will have a combined generating capacity of 2,190 megawatts, which will represent more than one-sixth of the company's total capacity when in operation.

PG & E has applied for an interim license to operate Unit 1, now complete. The U.S. Nuclear Regulatory Commission has held a number of public hearings to receive public comments. PG & E feels confident the license will be granted. Subject to Commission approval, Unit 2 could go into operation in 1979. However, no assurance can be given that either unit will be permitted to commence operations. The Diablo Canyon generating plant will require an operating staff of approximately 150 when in full operation.

## Ports

Port San Luis, at Avila, and Morro Bay, have both been designated as "harbors of refuge." Both harbors are used by ocean-going tankers, which re-

ceive crude oil from storage tanks and deliver refined petroleum products. A substantial commercial fishing fleet is headquartered in both harbors and facilities are available for private boating as well.

## Recreation and Visitor Attractions

Recreation in San Luis Obispo County is characterized by outdoor activities. An extensive system of state and county parks places these areas within a half-hour drive from any place in the county. Along the coastline are many recreational facilities and tourist attractions. Swimming, clamming, picnicking, boating, surfing, fishing and water skiing at the various beaches, lakes and parks in the County are enjoyed by residents and visitors. Some of the most popular facilities, in addition to those already mentioned, are described in the following paragraphs.

*Lopez Lake:* Fifteen miles southeast of San Luis Obispo is the Lopez Lake Recreation Area which has a 500-acre recreational site on the shores of the 1,000-acre lake. In addition to swimming, water skiing and boating, a marina is planned as well as equestrian facilities and riding trails, complete camping facilities, restaurant, laundry and general store.

*Cayucos Beach State Park:* The village of Cayucos is a charming coastal village with fine surfing and skin diving. Pier fishing is excellent and boats are available for angling in deeper waters.

*Pismo Beach State Park:* Located on beautiful protected beaches unmarred by riptides or undertows, this park offers swimming, fishing, clamming, camping and trailer sites and picnic units. Each year thousands of visitors come for the Clam Festival.

*Atascadero Lake:* Within the town of Atascadero is the mile-long lake which bears its name. It is



surrounded by oak tree covered hills and has a park with picnic and barbecue facilities, children's zoo and playground. Swimming, boating, water skiing and fishing are popular.

*San Simeon:* The late William Randolph Hearst's La Cuesta Encantada, or the Enchanted Hill as he called it, is now a state historical monument and known as "Hearst's Castle" or simply "San Simeon." It hosts over 800,000 visitors annually.

The Castle is about 30 miles north of Morro Bay, and five miles east of Highway 1. On the road leading up the hill the visitor sees varieties of wildlife, such as zebra, tahr goats and Barbary sheep, which comprised Mr. Hearst's private zoo.

The property was presented to the State of California by the Hearst Corporation and opened to the public on June 2, 1958, seven years after Hearst's death. There are three different escorted tours of the grounds.

*San Simeon State Park:* Near Hearst Castle is the Spanish-style village which was once a whaling port. It has a protected harbor and beach, and charter fishing boats are for hire. There is also a public fishing pier, and the 7½-acre state park features overnight facilities.

In the southern part of the county is the Los Padres National Forest with many opportunities for hiking, camping, and nature study.

Proposed Form of Legal Opinion of Orrick, Herrington,  
Rowley & Sutcliffe, San Francisco, California.

Paso Robles Union School District  
Educational Facilities Corporation  
San Luis Obispo County, California

Paso Robles Union School District  
Educational Facilities Corporation Bonds,  
Series of 1979  

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(Final Opinion)

Dear Sirs:

We hereby certify that we have examined the record of proceedings submitted to us relative to the issuance of \$3,925,000 principal amount of bonds designated "Paso Robles Union School District Educational Facilities Corporation Bonds, Series of 1979" (the "Series of 1979 Bonds") of Paso Robles Union School District Educational Facilities Corporation (the "Corporation") issued under an indenture, dated as of March 1, 1979 (the "Indenture"), between the Corporation and United California Bank, as trustee (the "Trustee"). The Series of 1979 Bonds are part of a duly authorized issue of bonds of the Corporation not limited in aggregate principal amount and designated as its "Paso Robles Union School District Educational Facilities Corporation Bonds" (the "Bonds").

The Series of 1979 Bonds are authorized to be issued in coupon form in the denomination of \$5,000 each or in fully registered form in the denomination of \$5,000 each or any authorized multiple thereof not exceeding the aggregate principal amount of Series of 1979 Bonds maturing in any one year. Coupon Series of 1979 Bonds and fully registered Series of 1979 Bonds are interchangeable at the principal office of the Trustee in San Francisco, California, upon the terms and conditions set forth in the Indenture. The Series of 1979 Bonds are dated March 1, 1979. The coupon Series of 1979 Bonds are numbered, and the Series of 1979 Bonds mature on September 1 in the years and amounts and bear interest (payable semiannually on March 1 and September 1 in each year) at the rates, as set forth in the following schedule:



| <u>Coupon<br/>Bond Numbers<br/>(inclusive)</u> | <u>Maturity Date<br/>September 1</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> |
|--|--------------------------------------|-----------------------------|--------------------------|
| 1 - 14   | 1981                                 | \$ 70,000                   |                          |
| 15 - 29  | 1982                                 | 75,000                      |                          |
| 30 - 45  | 1983                                 | 80,000                      |                          |
| 46 - 63  | 1984                                 | 90,000                      |                          |
| 64 - 82  | 1985                                 | 95,000                      |                          |
| 83 - 103                                       | 1986                                 | 105,000                     |                          |
| 104 - 125                                      | 1987                                 | 110,000                     |                          |
| 126 - 149                                      | 1988                                 | 120,000                     |                          |
| 150 - 175                                      | 1989                                 | 130,000                     |                          |
| 176 - 203                                      | 1990                                 | 140,000                     |                          |
| 204 - 233                                      | 1991                                 | 150,000                     |                          |
| 234 - 266                                      | 1992                                 | 165,000                     |                          |
| 267 - 302                                      | 1993                                 | 180,000                     |                          |
| 303 - 340                                      | 1994                                 | 190,000                     |                          |
| 341 - 382                                      | 1995                                 | 210,000                     |                          |
| 383 - 427                                      | 1996                                 | 225,000                     |                          |
| 428 - 476                                      | 1997                                 | 245,000                     |                          |
| 477 - 528                                      | 1998                                 | 260,000                     |                          |
| 529 - 584                                      | 1999                                 | 280,000                     |                          |
| 585 - 646                                      | 2000                                 | 310,000                     |                          |
| 647 - 712                                      | 2001                                 | 330,000                     |                          |
| 713 - 785                                      | 2002                                 | 365,000                     |                          |

Both the principal of and interest on the Series of 1979 Bonds are payable in lawful money of the United States of America at the principal office of the Trustee in San Francisco, California. Such principal and interest, in the case of coupon Series of 1979 Bonds, are also payable, at the option of the holder, at the principal office of Manufacturers Hanover Trust Company, in New York, New York, or at the office of The Northern Trust Company, in Chicago, Illinois.

The Series of 1979 Bonds are subject to redemption prior to their respective stated maturities, as provided in the Indenture, from proceeds of insurance or eminent domain proceedings. Series of 1979 Bonds maturing on or prior to September 1, 1995 are not otherwise subject to redemption prior to their respective stated maturities. Series of 1979 Bonds maturing on or after September 1, 1996 are also subject to redemption prior to their respective stated maturities, at the option of the Corporation, upon the terms stated in the Series of 1979 Bonds and in the Indenture.

The Indenture authorizes the issuance of additional series of Bonds and additional bonds, which will rank equally as to security with the Series of 1979 Bonds, regardless of the time of their issuance, upon the terms and subject to the conditions set forth in the Indenture.

The Indenture and the rights and obligations of the Corporation and the holders and registered owners of the Bonds, including the Series of 1979 Bonds, may be modified or amended in the manner and subject to the restrictions and limitations contained in the Indenture.

In our opinion, such proceedings show lawful authority for the issuance of the Series of 1979 Bonds under the laws of the State of California now in force, and the Series of 1979 Bonds have been duly authorized and constitute valid, legal and binding obligations of the Corporation, payable in accordance with their terms and secured as provided in the Indenture.

We are further of the opinion that:

1. The Corporation is duly organized and existing under the laws of the State of California as a nonprofit corporation.

2. The Indenture has been duly and legally authorized, executed, delivered and recorded and is a valid, legal and binding obligation of the Corporation. The Indenture constitutes a first lien upon the trust estate more particularly described therein, subject only to the hereinafter referred to Facility Lease (Project Phase I) from the Corporation to the Paso Robles Union School District (the "District") and other exceptions set forth in the policy of title insurance, issued by Title Insurance and Trust Company, insuring the Trustee and dated the date of this opinion.

3. The lease from the District to the Corporation, dated as of March 1, 1979 and designated "Site Lease (Project Phase I)," and the lease from the Corporation to the District, dated as of March 1, 1979 and designated "Facility Lease (Project Phase I)," have been duly authorized, executed and delivered and have been duly recorded and constitute legal, valid and binding instruments. The obligation of the District to pay each year's rentals during the term of the Facility Lease (Project Phase I) will be valid and enforceable in

accordance with the terms of the Facility Lease (Project Phase I) subject to the limitations on legal remedies against school districts in the State of California. The rentals payable by the District to the Corporation under the terms of the Facility Lease (Project Phase I) constitute the primary source of funds of the Corporation for the payment of the Bonds, and such rentals are payable only from funds of the District legally available therefor.

4. Interest on the Series of 1979 Bonds is exempt from federal income taxes under existing laws, rulings, regulations and court decisions, and a specific ruling of the United States Treasury Department to the Corporation, and under said ruling the income of the Corporation will not be subject to federal income taxes. Interest payable on the Series of 1979 Bonds is also exempt from State of California personal income taxes under existing laws, and the Series of 1979 Bonds are exempt from all State of California taxes except inheritance, estate, gift and franchise taxes.

5. In connection with the opinions expressed herein, the rights under the Series of 1979 Bonds, the Indenture, the Site Lease (Project Phase I) and the Facility Lease (Project Phase I) are subject to laws relating to bankruptcy or insolvency or other laws affecting creditor's rights.

We remain, dear sirs,

Faithfully yours,

ORRICK, HERRINGTON, ROWLEY &  
SUTCLIFFE

per



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